



MURIEL BOWSER
MAYOR

June 8, 2020

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W.
Suite 504
Washington, D.C. 20004

Dear Chairman Mendelson:

It is my pleasure to submit to the Council of the District of Columbia for its consideration the “New Howard University Hospital and Redevelopment Tax Abatement Act of 2020.” This legislation will provide significant financial support for Howard University to establish a new Howard University Hospital in Ward 1 through the establishment of a \$225 million, 20-year tax abatement. The recent pandemic has highlighted the importance of having a strong, citywide, health system that provides high quality, integrated care to all District residents.

One of the frustrating realities that our city faces is that we have some of the best hospitals and most talented medical professionals in the world right here in Washington, DC. In theory, everyone—regardless of zip code, income, or race—should be able to access world-class care, and we should not have major disparities in health outcomes. However, we know that is not our current reality as generations of racism and discrimination have put thousands of Black Washingtonians at a major health disadvantage.

We also know the very important role that Howard University’s College of Medicine plays not just in our city, but our entire nation. Howard produces more African American doctors than any other university in the country. And helping ensure there are more health care professionals of color is an important part of bringing about greater health equity.

We believe that this legislation will help ensure that for many years to come, Howard will be able to train the best and the brightest, while also providing high quality health care to our entire community.

The proposed \$225 million tax abatement will allow Howard University and its new operating partner Adventist HealthCare to build a \$450 million, 225-bed, Level I trauma and academic teaching hospital. The new hospital will open on Georgia Avenue by 2026, and the current Howard University Hospital will remain open until then.

In addition to the abatement, my proposed Fiscal Year 2021 budget commits \$25 million in public infrastructure support and \$26.6 million over the next six years to support five Centers of Excellence at Howard University Hospital. These centers will focus on sickle cell, women's health, oral health, trauma and violence prevention, and substance use and co-occurring disorders. These Centers of Excellence will provide care and services tailored to the specific needs of our community and allow Howard University Hospital to continue to play a critical role in helping us eliminate long-standing health disparities.

This legislation represents a major element of our commitment to DC health, opportunity, prosperity, and equity.

If approved by the Council, this legislation will improve the quality of health care provided to District residents and opportunities for African American health care professionals for generations to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser", written over the printed name and title.

Muriel Bowser
Mayor


Chairman Phil Mendelson
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Chapter 46 of Title 47 of the District of Columbia Official Code to provide an abatement of real property taxes for property known for tax and assessment purposes as Lots 829, 830, and 831 in Square 3065, Lot 11 in Square 3074, Lot 807 in Square 3075, Lot 52 in Square 3072, and Lot 73 in Square 3080.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the "New Howard University Hospital and Redevelopment Tax Abatement Act of 2020".

Sec. 2. Chapter 46 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding a new section designation to read as follows:

"47-4673. New Howard University Hospital and Redevelopment real property tax abatement."

(b) A new section 47-4673 is added to read as follows:

"§ 47-4673. New Howard University hospital and redevelopment real property tax abatement.

"(a) For the purposes of this section, the term:

32 “(1) “Developer” means Howard University or its successor, or an affiliate
33 or assignee of Howard University approved by the Mayor.

34 “(2) “New Hospital” has the meaning set forth in subsection (d)(3) of this
35 section.

36 “(3) “Project” means the redevelopment of the Property and the buildings
37 located on the Property into a vibrant mixed-use project, integrated with the surrounding
38 neighborhoods, that includes varied uses, such as residential (including a significant
39 component of affordable and workforce housing), market and neighborhood-serving
40 retail, hospitality, and office uses.

41 “(4) “Property” means the real property known for tax and assessment
42 purposes as Lots 829, 830, and 831 in Square 3065, Lot 11 in Square 3074, Lot 807 in
43 Square 3075, Lot 52 in Square 3072, and Lot 73 in Square 3080 and any improvements
44 on that real property.

45 “(b) The tax imposed by Chapter 8 of this title on the Property shall, subject to
46 subsections (c) and (d) of this section, be abated for 20 real property tax years.

47 “(c) The abatement provided in subsection (b) of this section shall:

48 “(1) Begin:

49 “(A) No earlier than October 1, 2024, or the opening of the New
50 Hospital, whichever occurs later; and

51 “(B) At the election of the developer, upon:

52 “(i) The date of issuance of the temporary certificate of
53 occupancy of each phase of the Project for that portion of the Property on which the
54 phase is located; or

55 “(ii) The date of transfer for development of each phase
56 referred to in sub-subparagraph (i) of this paragraph;

57 “(2) Not exceed \$11.125 million in any tax year or \$225 million in total;
58 and

59 “(3) Not remain in effect later than the end of tax year 2048.

60 “(d) For the Property to receive the abatement described in this section:

61 “(1) The Developer shall execute a First Source Employment Agreement
62 with the Department of Employment Services for the development of the New Hospital
63 and the Project;

64 “(2) The Developer shall execute a Certified Business Enterprise
65 agreement with the Department of Small and Local Business Development requiring the
66 Developer to, at a minimum, contract for at least 35% of the contract dollar volume of the
67 development of the Property and the development and operation of the New Hospital
68 with business enterprises or joint ventures certified pursuant to the Small and Certified
69 Enterprise Development and Assistance act of 2005, effective October 20, 2005 (D.C.
70 Law 16-33; D.C. Official Code § 2-218.01 *et seq.*);

71 “(3) The Developer shall construct a new, state-of-the-art, full-service,
72 teaching and research hospital (“New Hospital”) on or adjacent to the Georgia Avenue,
73 N.W., campus of Howard University with a level 1 trauma center and an academic
74 affiliation with the Howard College of Medicine and its graduate medical education
75 program;

76 “(4) The Developer shall open the New Hospital by October 1, 2026, and
77 shall operate the New Hospital on an ongoing basis for at least until the end of the time
78 period of the tax abatement provided by this section;

79 “(5) The Developer shall operate the existing Howard University Hospital
80 on a continuous basis until the New Hospital is open;

81 “(6) The Developer or New Hospital shall operate, starting on or before
82 October 1, 2021, centers of excellence approved by the Department of Health for sickle
83 cell disease, women’s health, substance use and co-occurring disorders, trauma care and
84 violence prevention, and oral health and shall continue to operate such centers of
85 excellence, and shall maintain the conditions necessary for their approval as centers of
86 excellence by the Department of Health, until at least the end of the time period of the tax
87 abatement provided by this section; provided, that:

88 “(A) The requirement set forth in this paragraph shall not apply
89 during a fiscal year between and including Fiscal Year 2021 and Fiscal Year 2025 when
90 the District does not include in its operating budget at least \$3,000,000 in the fiscal year
91 to support the centers of excellence; and

92 “(B) The Mayor and the New Hospital may mutually agree to
93 modify the centers of excellence required by this paragraph; and

94 “(7) The Developer shall submit a detailed redevelopment plan for the
95 property to the Mayor by October 1, 2021, and shall provide an updated redevelopment
96 plan to the Mayor at least once every 6 months thereafter until the Property is fully
97 redeveloped.

98 “(e)(1) The Mayor shall certify annually to the Office of Tax and Revenue the
99 Property’s eligibility for the abatement provided pursuant to this section. The Mayor’s
100 certification shall include:

101 “(A) A description of the Property by square, suffix, and lot, and
102 the date the abatement begins and ends;

103 “(B) The date the issuance of the temporary certificate of
104 occupancy or transfer referred to in subsection (c)(1)(B) of this section occurred;

105 “(C) A statement that the conditions specified in subsection (d) of
106 this section have been satisfied; and

107 “(D) Any other information that the Mayor considers necessary or
108 appropriate.

109 “(2) If at any time the Mayor determines that the Property, or any portion
110 of the Property, has become ineligible for the abatement provided by this section, the
111 Mayor shall notify the Office of Tax and Revenue and shall specify the date that the
112 ineligibility began. The Property, or portion of the Property, shall be ineligible for the
113 abatement on the first day of the tax year following the date when ineligibility occurred.

114 “(e) The exemption provided by this section shall be in addition to, and not in lieu
115 of, any other tax relief or assistance applicable to the Property or Development from any
116 other source permitted under the law.”.

117 Sec. 3. Fiscal impact statement.

118 The Council adopts the fiscal impact statement in the committee report as the
119 fiscal impact statement required by section 4a of the General Legislative Procedures Act
120 of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

121 Sec. 4. Effective date.

122 This act shall take effect following approval by the Mayor (or in the event of a
123 veto by the Mayor, action by the Council to override the veto), a 30-day period of
124 congressional review as provided in section 602(c)(1) of the District of Columbia Home
125 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
126 206.02(c)(1)), and publication in the District of Columbia Register.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



Legal Counsel Division

MEMORANDUM

TO: Ronan Gulstone
Director
Office of Policy and Legislative Affairs

FROM: Brian K. Flowers
Deputy Attorney General
Legal Counsel Division

DATE: June 1, 2020

RE: New Howard University Hospital and Redevelopment Tax Abatement Act of 2020
(AE-20-364)

This is to Certify that this Office has reviewed the legislation entitled the “New Howard University Hospital and Redevelopment Tax Abatement Act of 2020” and determined that it is legally sufficient. If you have any questions, please do not hesitate to call me at 724-5524.

Brian K. Flowers

Brian K. Flowers

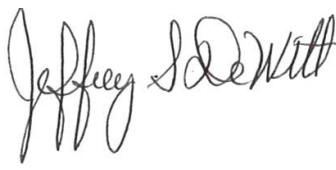
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

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

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: May 21, 2020

SUBJECT: Fiscal Impact Statement – New Howard University Hospital and
Redevelopment Tax Abatement Act of 2020

REFERENCE: Draft Introduction as provided to the Office of Revenue Analysis on
May 4, 2020

Conclusion

Funds are sufficient in the fiscal year 2020 budget and the proposed fiscal year 2021 through 2024 budget and financial plan to implement the bill. The District will forgo future real property tax revenue that is outside of the financial plan. The tax abatement will cost the District \$11.1 million a year once the new Howard University Hospital is open and \$225 million over a 20-year period.

Background

The bill provides¹ a real property tax abatement for property² owned by Howard University for a period of 20 years beginning no earlier than fiscal year 2025. The tax abatement is capped at \$11.1 million in any tax year and \$225 million in total over the course of the abatement. The abatement will expire no later than the end of tax year 2048.

For the property to receive an abatement, Howard University must:

- Construct a new, state-of-the-art, full-service, teaching and research hospital by October 1, 2026;
- Operate the new hospital on an ongoing basis until the end of the abatement;
- Continue to operate the existing Howard University Hospital until the new hospital is open;

¹ By amending Chapter 46 of Title 47 of the D.C. Official Code.

² The real property known for tax and assessment purposes as Lots 829, 830, and 831 in Square 3065, Lot 11 in Square 3074, Lot 807 in Square 3075, Lot 52 in Square 3072, and Lot 73 in Square 3080 and any improvements on that real property.

The Honorable Phil Mendelson

FIS: "New Howard University Hospital and Redevelopment Tax Abatement Act of 2020," Draft Introduction as provided to the Office of Revenue Analysis on May 4, 2020

- Operate five Centers of Excellence at Howard University Hospital on sickle cell disease, women's health, substance use and co-occurring disorders, trauma care and violence prevention, and oral health over the course of the abatement;³
- Submit a detailed redevelopment plan for the property to the Mayor every six months starting on October 1, 2021;
- Execute a First Source Employment Agreement with the Department of Employment Services; and,
- Execute a Certified Business Enterprise agreement with the Department of Small and Local Business Development;

The Mayor must certify annually to the Office of Tax and Revenue (OTR) that the property has met the eligibility criteria listed above. If the Mayor determines that the property is ineligible for the abatement, the property will be required to pay real property taxes on the first day of the tax year following the date when the ineligibility occurred.

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 budget and the proposed fiscal year 2021 through 2024 budget and financial plan to implement the bill. The District will forgo future real property tax revenue that is outside of the financial plan. The abatement will cost the District \$11.1 million a year once the new Howard University Hospital is open and \$225 million over a 20-year period.

The proposed fiscal year 2021 budget includes \$4.2 million in one-time funding to support the Centers of Excellence at Howard University Hospital. The District must appropriate at least \$3 million annually in fiscal years 2022 through 2025 in order for the Centers to continue operation prior to the opening of the new hospital.

³ Howard University Hospital must also operate Centers of Excellence if the District allocates more than \$3 million in its operating budget towards the Centers in each fiscal year between fiscal years 2021 through 2025.