



2013 MAY 30 11:16
OFFICE OF THE
MAYOR

VINCENT C. GRAY
MAYOR

MAY 30 2013

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration by the Council is the "3825-2929 Georgia Avenue Disposition Approval Resolution of 2013".

This legislation will approve the disposition of District owned real property located at 3825-29 Georgia Avenue, N.W. ("Property") to a private developer to redevelop the space into a residential building. The Deputy Mayor for Planning and Economic Development has selected Donatelli Development to develop the parcel into a new mixed-income residential building with 3 units reserved for families with incomes at or below 60% of the Area Median Income and 4 units reserved for families with incomes at or below 30% of the Area Median Income.

The planned redevelopment of the Property would allow the District to derive long-term tax revenue from the Property in addition to the creation of new affordable units in the District.

As always, I am available to discuss any questions you may have regarding this resolution. I look forward to prompt and favorable consideration of this resolution.

Sincerely,

Handwritten signature of Vincent C. Gray in black ink.
Vincent C. Gray

Enclosure



Chairman Phil Mendelson
at the request of the Mayor

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8 A PROPOSED RESOLUTION
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12 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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16 To approve the disposition of District-owned real property located at 3825-29 Georgia
17 Avenue, N.W., known for tax and assessment purposes as Lot 0818, in Square
18 3028.
19

20 RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That
21 this resolution may be cited as the “3825-29 Georgia Avenue, N.W., Disposition
22 Approval Resolution of 2013”.

23 Sec. 2. Definitions.

24 For the purposes of this resolution, the term:

25 (1) “CBE Agreement” means an agreement governing certain obligations of
26 the Purchaser or the Developer under the Small, Local, and Disadvantaged Business
27 Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C.
28 Law 16-33; D.C. Official Code § 2-218.01 *et seq.*) (“CBE Act”), including the equity and
29 development participation requirements set forth in section 2349a of the CBE Act (D.C.
30 Official Code § 2-218.49a).

31 (2) “Certified Business Enterprise” means a business enterprise or joint
32 venture certified pursuant to the Small, Local and Disadvantaged Business Enterprise

1 Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33;
2 D.C. Official Code § 2-218.01 *et seq.*).

3 (3) "First Source Agreement" means an agreement with the District governing
4 certain obligations of the Purchaser or the Developer pursuant to section 4 of the First
5 Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93;
6 D.C. Official Code § 2-219.03), and Mayor's Order 83-265 (November 9, 1983)
7 regarding job creation and employment generated as a result of the construction on the
8 Property.

9 (4) "Property" means the real property located at 3825-29 Georgia Avenue,
10 N.W., known for tax and assessment purposes as Lot 0818, in Square 3028.

11 (5) "Lessee" means the Developer, its successor, or one of its affiliates or
12 assignees approved by the Mayor.

13 Sec. 3. Findings.

14 (a) The Developer of the Property will be Donatelli Development, a District
15 of Columbia limited liability company, with a business address of 4416 East West
16 Highway, Bethesda, Maryland (the "Developer").

17 (b) The Property is located at 3825-29 Georgia Avenue, N.W. and consists of
18 approximately 5,757 square feet of land.

19 (c) The intended use of the Property (the "Project") is a mixed-income
20 residential development and any ancillary uses allowed under applicable law.

21 (d) The Project will contain affordable housing as described in the term sheet
22 submitted with this resolution.

1 (e) The Lessee will enter into an agreement that shall require the Lessee to, at
2 a minimum, contract with Certified Business Enterprises for at least 35% of the contract
3 dollar volume of the Project, and shall require at least 20% equity and 20% development
4 participation of Certified Business Enterprises.

5 (f) The Lessee will enter into a First Source Agreement with the District that
6 shall govern certain obligation of the Lessee pursuant to D.C. Official Code § 2-219.03
7 and Mayor’s Order 83-265 (November 9, 1983) regarding job creation and employment
8 as a result of the construction on the Property.

9 (g) Pursuant to An Act Authorizing the sale of certain real estate in the
10 District of Columbia no longer required for public purposes (“Act”), approved August 5,
11 1939 (53 Stat. 1211; D.C. Official Code § 10-801 *et seq.*), the proposed method of
12 disposition is a public or private sale to the bidder providing the most benefit to the
13 District under D.C. Code § 10-801(b)(8)(F).

14 (h) All documents that are submitted with this resolution pursuant to D.C.
15 Official Code § 10-801(b-1) shall be consistent with the executed Memorandum of
16 Understanding or term sheet transmitted to the Council pursuant to D.C. Official Code §
17 10-801(b-1)(2).

18 Sec. 4. Approval of disposition.

19 (a) Pursuant to the Act the Mayor transmitted to the Council a request for
20 approval of the disposition of the Property to the Lessee.

21 (b) The Council approves the disposition of the Property.

22 Sec. 5. Fiscal impact statement.

1 The Council adopts the fiscal impact statement in the committee report as the
2 fiscal impact statement required by section 602 (c)(3) of the District of Columbia Home
3 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02
4 (c)(3)).

5 Sec. 5. Transmittal of resolution.

6 The Secretary to the Council shall transmit a copy of this resolution, upon its
7 adoption, to the Mayor.

8 Sec. 6. Effective date.

9 This resolution shall take effect immediately.

10

DISPOSITION ANALYSIS
IN SUPPORT OF DISPOSITION OF REAL PROPERTY

Project Name: TBD
Property Description: Vacant parcel of land with a street address of 3825-3829 Georgia Avenue, N.W. in Washington, D.C., known for tax and assessment purposes as Lot 818 in Square 3028 (the “Property”)
Size of Property: 5,757 square feet
Zoning of Property: GA/C-3-A
Ward: Ward 4
Proposed Purchaser: 3800 Lot, LLC (the “Developer”)
General Description of Development Program: Subject to BZA approval, it is anticipated that the Developer’s Development Program will contain (a) one multifamily residential building (estimated to include 22,825 gross square feet of residential comprised of an estimated 31 apartments); and (b) off-street parking necessary to support the Project. Throughout the entitlement process, changes in the Development Program may be made with the consent of the District.

1. Proposed Method of Disposition. DC Code § 10-801(b)(8).

A public or private sale to the bidder providing the most benefit to the District. DC Code § 10-801(b)(8)(F).

2. Description of efforts to dispose of Property for direct “public benefit” as described on specific government plan adopted by the Mayor or Council (e.g. Community Development Plan, the Comprehensive Plan, the Strategic Neighborhood Plan, or the Comprehensive Housing Strategy Plan). DC Code § 10-801(a-2).

a. Public Benefits Requested in Solicitation.

The District is committed to maximizing community benefits for its residents. In view of this commitment, the solicitation issued for the Property requested that the respondents’ proposals include:

- Their overall concept and vision for the Property and how the vision will integrate with and enhance the surrounding neighborhoods;
- An approach that ensures the meaningful involvement in the development process of stakeholders and members of the local community who might be affected by the respondent’s proposed development; and
- A commitment and plan for ensuring that ample benefits accrue to Certified Business Enterprises (“CBEs”), District residents, and the surrounding community.

b. Describe any Public Benefits in proposed Developer's Development Plan.

Developer has proposed the inclusion of affordable housing and off-street parking.

c. Public Uses included in proposed Developer's Development Plan (such as public parks, construction of roads, sidewalks, and other public amenities).

None.

3. The chosen method of disposition, and how competition was maximized. DC Code § 10-801(b-1)(A).

a. Description of solicitation process (include form of solicitation, how solicitation was advertised).

The Office of the Deputy Mayor for Planning and Economic Development ("DMPED") issued a solicitation for offers in April 2008 to provide for an open, transparent, and competitive process. In May 2008, DMPED held a pre-offer conference to allow all interested parties to better understand the selection criteria and process. The solicitation, along with answers to questions raised at the pre-offer conference, was also posted on the DMPED website.

b. Please describe the competitive bid process, including number of responses. Please also summarize each qualified bidder for the property. If no competitive process was followed, please explain why not, and how the Developer was chosen and all key terms of the arrangement.

The solicitation for offers process was open to the broadest possible cross-section of respondents experienced and capable of creating unique urban-infill environments. Perhaps due to the relatively small size of the development, DMPED received two responsive and competitive proposals. An outline of the solicitation process is below:

- Solicitation issued – April 25, 2008
- Pre-bidders conference – May 7, 2008
- Deadline for Proposals – July 11, 2008 (2 proposals received)

Upon an intensive review of the proposals from each team, the review panel selected the Developer to exclusively negotiate with the District for the disposition and development of the Property.

A summary of each qualified bidder for the property is attached hereto as **Exhibit A**.

c. Please describe any public hearings on the potential disposition and any public comment received during the public hearings.

The community's preference for redevelopment in the 3800 block of Georgia Avenue, N.W. strongly influenced the executive's decision to declare the property surplus and enter negotiations. Prior to requesting development proposals, the District solicited community input at meetings on February 5, 2008 and April 17, 2008. Additionally, the development teams presented their proposals for public comment on August 21, 2008, and the ANC was notified of the terms and conditions of the proposed disposition.

Finally, on April 22, 2013, the District conducted a public hearing to receive public comments on the proposed surplus of the Property.

4. The manner in which economic factors were weighted and evaluated, including estimates of the monetary benefits and costs to the District that will result from the disposition. The benefits shall include revenues, fees, and other payments to the District, as well as the creation of jobs. DC Code § 10-801(b-1)(B).

- a. Identify all relevant costs, including property value for the subject and surrounding property, cost of potential rehabilitation, current and / or past cost for upkeep on the Property.***

An independent appraisal completed by The Walker Group concluded the as-is market value of the land to be \$383,474, or \$133.21 per FAR foot. This value assumes that the project is built per by-right zoning, and does not include the cost of (i) affordable housing or (ii) off-street parking.

- b. Describe potential revenue that could be derived from the Property and how it was maximized in selected disposition method.***

A fee-simple disposition of the Property will allow the Developer to secure low-cost project financing and build a top-quality residential building containing affordable housing and parking. In addition, the elimination of blight, the creation of jobs, the continued strengthening of the neighborhood and Georgia Avenue corridor, along with the tax and other economic benefits that will accrue to the District through the proposed disposition all point to the maximization of value to the District.

The District expects to receive several incidental benefits from the disposition of the Property. The development is expected to reduce blight and stimulate improvements in the surrounding area. The locations are particularly likely to contribute to the surrounding neighborhood because they are located just one block from the Petworth Metro Station. Also, terms of the disposition agreement provide that 40% of the contract dollar value of the construction contract must be performed by Certified Business Enterprises and that 20% of the equity and development participation must include Certified Business Enterprises. Upon completion of the proposed development, the District expects to receive annual property taxes of approximately \$52,000 and sales taxes in the amount of \$55,000.

- 5. Please describe all disposition methods considered and provide a narrative of the proposed disposition method that contains comparisons to the other methods and shows why the proposed method was more beneficial for the District than the others in the areas of return on investment, subsidies required, revenues paid to the District, and any other relevant category, or why it is being proposed despite it being less beneficial to the District in any of the measured categories. DC Code § 10-801(b-1)(C).**

In addition to the comments regarding disposition outlined in the preceding section, there are other points of clarification related to the disposition method for the Property. While the small size of the parcel limited the number of viable disposition methods, the District still considered (i) a ground lease structure versus (ii) the sale of the fee interests.

Ultimately, the District decided, after consultation with the community, the affected ANC, lenders, and others, that the best disposition approach would be the sale of the fee, as this would also allow the maximization of affordable housing at the site.

TERM SHEET
Disposition of 3825-3829 Georgia Avenue, N.W.
(Lot 818 in Square 3028)

Date	May 16, 2013
Seller	Government of the District of Columbia, acting by and through the Office of Deputy Mayor for Planning and Economic Development (the "District")
Buyer	3800 Lot, LLC, a District of Columbia limited liability company, its successor, or one of its affiliates or members ("Developer")
Description of Real Property	Parcel of land with a street address of 3825-3829 Georgia Avenue, N.W. in Washington, D.C., known as for tax and assessment purposes as Lot 0818 in Square 3028 (the "Property")
Disposition Structure	The Property will be conveyed by the District to the Developer in fee via special warranty deed under D.C. Code § 10-801(b)(8)(F).
Consideration	Monetary: \$1, payable in immediately available funds
	Non-Monetary: Affordable Housing
Affordable Housing	Developer agrees that seven (7) of the Residential Units to be developed on the Property shall be dedicated as Affordable Units, as required in the Affordability Covenant, such that four (4) of the Affordable Units shall be affordable to individuals or families with incomes at or below thirty percent (30%) of the area median income and the other three (3) of the Affordable Units shall be affordable to individuals or families with incomes at or below sixty percent (60%) of the area median income.
Conditions of Closing	District's obligation to convey the property will be conditioned upon the District's standard conditions of Closing.
Development Program	Subject to BZA approval, it is anticipated that the Developer's Development Program (the "Development Program") will contain (a) one multifamily residential building (estimated to include 22,825 gross square feet of residential comprised of an estimated 31 apartments); and (b) off-street parking necessary to support the Project. Throughout the entitlement process, changes in the Development Program may be made with the consent of the District.
Schedule of Performance	Below is the Schedule of Performance with estimated dates, which may be amended and extended with the approval of the District and upon an event of force majeure: <ul style="list-style-type: none"> • Closing: August 2013 • Commencement of Construction: September 2013 • Completion of Construction: December 2014
Post Closing Requirements	Developer shall be bound by the requirements of the Affordable Housing Covenant and Construction & Use Covenant to be attached to the Land Disposition and Development Agreement, which may be amended with the approval of the District.

INTENTION AND LIMITATIONS OF THIS TERM SHEET


1. Developer and DMPED acknowledge that they have prepared and signed this Term Sheet for the sole purpose of obtaining the approval of the Council of the District of Columbia ("Council") pursuant to D.C. Official Code § 10-801 and that the effect of signing this Term Sheet. Developer acknowledges that DMPED's negotiation of the LDA and this Term Sheet, signature on this Term Sheet, and submission of this Term Sheet and supporting documents to the Council shall not bind District to execute the LDA or to convey the Property to Developer. Developer further acknowledges that, notwithstanding Council authorizing the conveyance of the Property, the District has no obligation to do so absent the District and Developer duly executing the LDA and satisfaction of the conditions contained therein. In the event DMPED or the Mayor determine, in their sole and absolute discretion, to withhold submission of this Term Sheet and supporting documents to Council or to otherwise decline to secure Council authorization for the conveyance, DMPED may terminate negotiations with Developer and the District shall not be responsible for Developer's costs and expenses incurred in relation to the Property or Project
2. Developer acknowledges that all approvals required of the Council will be granted or withheld in the sole and absolute discretion of the Council and that, absent Council approval under D.C. Official Code § 10-801 (2012 Supp.), DMPED has no authority to convey the Property to Developer. Developer acknowledges that it is entering into this Term Sheet prior to obtaining all necessary Council approvals. In the absence of such approvals and execution of the LDA, Developer proceeds at its sole risk and expense with no recourse whatsoever against the District.
3. Developer and DMPED agree that upon receipt of all necessary Council approvals under D.C. Official Code § 10-801 (2012 Supp.), the Developer and DMPED intend to finalize and execute the LDA governing all of the terms and conditions of the purchase and sale of the Property. Until the Developer and DMPED enter into the binding LDA, both Developer and DMPED reserve the right to proceed with the purchase and sale of the Property in each of such party's sole and absolute discretion. Upon the execution of the LDA, the Developer and DMPED shall proceed in accordance with the terms of the LDA; provided, however, that the Developer and DMPED acknowledge and agree that any substantive change in the terms set forth in this Term Sheet shall be subject to further District Council review and approval in accordance with D.C. Official Code § 10-801(b-1)(6) (2012 Supp.).

DMPED and Developer have caused the Term Sheet dated May 16, 2013 to be signed and acknowledged by their respective duly authorized representatives.

DISTRICT OF COLUMBIA, by and
through the Office of the Deputy Mayor for
Planning and Economic Development

BY: _____
Victor L. Hoskins,
Deputy Mayor for Planning and
Economic Development

3800 LOT, LLC, a District
of Columbia limited liability company

BY: 
Name: Christopher J. Donatelli
Title: MANAGING MEMBER

APPRAISAL REPORT

OF

VACANT LAND

**SQUARE 3028 LOT 818
(3825 – 3829 GEORGIA AVENUE, NW)
WASHINGTON, DC 20011**

VALUED AS OF

25 APRIL 2013

PREPARED FOR

**Office, Deputy Mayor for Planning and Economic Development
1350 Pennsylvania Avenue, NW
Washington, DC 2001**

BY

**THE WALKER GROUP
REAL ESTATE APPRAISAL SERVICES
1209 CRITTENDEN STREET, NW
WASHINGTON, DC 20011
(202) 541-0540**

**THE WALKER GROUP
REAL ESTATE APPRAISAL SERVICES**

1209 CRITTENDEN STREET, NW, WASHINGTON, DC 20011

VOICE: (202) 541-0540 FAX: (202) 541-0537

30 April 2013

**Office of the Deputy Mayor
For Planning and Economic Development
1350 Pennsylvania Avenue NW
Washington, DC 20001**

**RE: Appraisal of
Square 3028 Lot 818
3825 – 3829 Georgia Avenue NW
Washington, DC 20011**

Dear Deputy Mayor:

Pursuant to your request, we have prepared a complete narrative appraisal of the above referenced property which consists of one vacant site. The purpose of the appraisal is to estimate the current market value of the subject property in its "as is" state of condition, as of 25 April 2013, the date of our initial inspection.

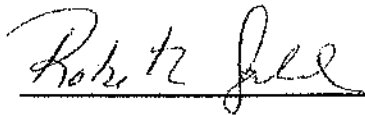
Based upon the results of the analyses contained in this report, I have come to the conclusion that, as of 25 April 2013, the subject property has a total estimated value of approximately:

**#THREE HUNDRED EIGHTY THREE THOUSAND - FOUR HUNDRED
SEVENTY FOUR DOLLARS AND 00 CENTS#
(\$383,474.00)**

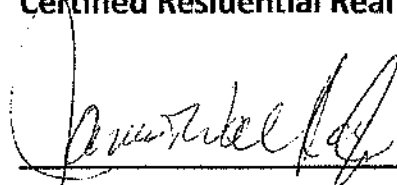
The total value translates to approximately \$133.21 per square foot of land or \$66.61 per square foot of buildable FAR. The appraisal assumes an "all cash" transaction for the property. The appraisal is subject to the underlying assumptions and limiting conditions, and the appraiser's certification which are attached in the addendum of this report. I thank you for this opportunity to have been of service.

If there are any questions relative to the appraisal or if I can be of further assistance, please do not hesitate to call.

Respectfully Submitted,



Robert L. Garland (DC License 10845)
Certified Residential Real Estate Appraiser



James T. Walker, Jr. (DC License 10934)
Licensed Residential Appraiser

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

**Square 3028 Lot 818
3825-3829 Georgia Avenue NW
Washington, DC 20011**

Owner of Record:	District of Columbia Govt
Neighborhood/Market Area:	Petworth
Land Area:	5,757 SF
Zoning:	GA/C-3-A
Existing Improvements:	None – Vacant Land
Maximum Allowable FAR:	2.0 Commercial Use Only (As a Matter of Right) 4.5 with Residential
Highest and Best Use:	Develop Site with Mix of Commercial and Resi- dential Use
Total 2013 Tax Assessment:	\$324,930
2013 Annual Taxes:	
Effective Date of Appraisal:	25 April 2013
Date of Exterior Inspection:	25 April 2013
Property Rights Appraised:	Fee Simple Estate
Market Exposure Time:	90 to 120 days
Total Estimated Market Value:	\$383,474.00