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OFFICE OF THE  
SECRETARY

VINCENT C. GRAY  
MAYOR

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 504  
Washington, DC 20004

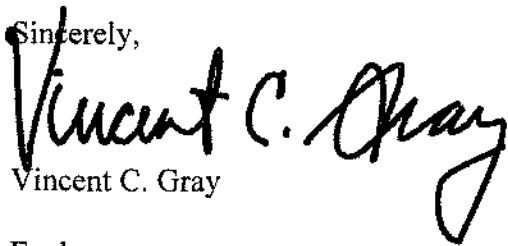
Dear Chairman Mendelson:

Enclosed for consideration and approval by the Council, pursuant to D.C. Official Code §10-801, is the *Young School Surplus Declaration Resolution of 2014*. The resolution authorizes the Mayor, through the Department of General Services, to enter into a ground lease for the real property located at 820 26<sup>th</sup> Street, NE, in Washington, D.C, most commonly known as the Young School and more specifically designated for tax and assessment purposes as a portion of Parcel 160/45 (the "Property").

The Property has not been used by DC Public Schools ("DCPS") since 2008. DCPS closed the doors to the Property due to low enrollment. Subsequently, on September 25, 2008, the DC Office of Property Management ("OPM") issued a competitive solicitation to identify a charter school tenant for the Property. That solicitation did not result in a selection. The Department of General Services ("DGS") (successor to OPM) re-solicited the Property several times; in March 2012, October 2012, and lastly in July 2013. Two Rivers was chosen through the final solicitation. Two Rivers was chosen because of its demonstrated academic success and its high demand for additional space by students and parents. The proposed disposition is a ground lease for a term of twenty-five (25) years at a rate of fair market value. The proposed lease will also have a twenty-five (25) year option term. The proposed lessee shall pay a market rate rent as determined by an independent appraiser.


I urge the Council to take prompt and favorable action on these proposed resolutions. If you have any questions, please contact Brian Hanlon, Director of DGS, at (202) 727-2800.

Sincerely,

A handwritten signature in black ink that reads "Vincent C. Gray". The signature is written in a cursive style with a large, prominent "V" and a long, sweeping tail on the "y".

Vincent C. Gray

Enclosure

  
Chairman Phil Mendelson  
at the request of the Mayor

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Chairman Phil Mendelson at the request of the Mayor, introduced the following resolution, which was referred to the Committee on \_\_\_\_\_.

To declare as no longer required for public purposes the District-owned real property located 820 26<sup>th</sup> Street, NE, in Washington, D.C., most commonly known as the Young School and more specifically designated for tax and assessment purposes as a portion of Parcel 160/45.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “Young School Surplus Declaration Resolution of 2014”.

Sec. 1. Findings.

(a) The District is the owner of the real property located at 820 26<sup>th</sup> Street, NE, in Washington, D.C., most commonly known as the Young School and more specifically designated for tax and assessment purposes as a portion of Parcel 160/45 (“Property”). The Property is comprised of a building containing approximately 70,400 square feet and land of approximately 252,000 square feet.

(b) The District has not used this Property as a District of Columbia traditional public school since prior to 2008. The most viable option for the site is for its continued

36 use as education facility for students with learning difficulties or disabilities in the  
37 District. Declaring that the Property is no longer required for public purposes and  
38 disposing of it under a long-term ground lease or other method is the most expedient and  
39 cost-effective solution to maintain the Property, allow the District to retain long-term fee-  
40 simple ownership of the Property and provide the citizens of the District of Columbia  
41 with outstanding educational services.

42 (c) The District has satisfied the public hearing requirements of section 1(a-1)(4)  
43 of an Act Authorizing the sale of certain real estate in the District of Columbia no longer  
44 required for public purposes (the "Act"), approved August 5, 1939 (53 Stat. 1211; D.C.  
45 Official Code §10-801(a-1)(4)) by holding the required public hearing on July 10, 2013  
46 and September 5, 2013.

47 Sec. 2. Pursuant to section 1(a-1) of the Act (D.C. Official Code § 10-801(a-1)),  
48 the Council finds that the Property is no longer required for public purposes.

49 Sec. 3. Transmittal.

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

52 Sec. 4. Fiscal impact statement.

53 The Council adopts the fiscal impact statement in the committee report as the  
54 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home  
55 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-  
56 206.02(c)(3)).

57 Sec. 5. Effective date.

58 This resolution shall take effect immediately.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF GENERAL SERVICES**



**SURPLUS ANALYSIS**

**Project Name:** The Young School  
**Property Description:** 820 26th Street, NE in Washington, D.C., known for tax and assessment purposes as a portion of Parcel 160/45 (the “**Property**”)  
**Size of Property:** Land Area – 1,168,841 square feet (26.85 acres)  
Building Area – 70,400 square feet  
**Assessed Value:** \$57,715,470 (2014 land & improvements)  
**Zoning of Property:** R-5-B  
**Ward:** 5

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- 1. History of the Property: description of the Property (including approximate square footage, description of any structure/improvements on the Property and whether such structure/improvements are historically landmarked, and any available parking on and off the Property), how and when the District acquired the Property; the terms of the acquisition; a description of the Property’s former and current use; and, if the Property includes improvements and is currently being used, whether the improvements are occupied.**

The property legally identified for taxation purposes as a portion of Parcel 1600045, also known as the Charles Young School (the “**Property**”) is a closed DC public school. The Property is one of four (4) schools situated on Parcel 160/45 which contains 1,168,841 square feet of land area of approximately 26.85 acres of land area. In addition to the Property School, Parcel 160/45 is improved with the Spingarn High School, Phelps Vocational School and Browne Junior High School. The Property is improved with a two-story/one-story brick school building containing approximately 70,400 square feet of Gross Building Area. The Property contains a total land area of approximately 252,000 square feet. It is zoned R-5-B and is located in the Trinidad neighborhood of Northeast Washington.

The Property is not designated as historic. It was constructed in several phases with public records indicating the initial building being constructed circa 1931 with additions constructed in 1937, 1949, 1959 and 1978 respectively. Records also indicate the building was renovated in 1997 with cosmetic changes only. On-site improvements include an asphalt paved area for approximately 50 vehicles along the south side of the lot. There is a soft surface playground area to the rear of the addition and the multi-purpose room/cafeteria. The Property has substantial water damage and vandalism. It is in need of repair.

The Property is accessible by several bus lines including the 96, X2 and X8.

The Property previously housed a DCPS public school. In 2008, the District closed the school due to low enrollment.

**2. Describe the surrounding neighborhood, including the following information: What does the neighborhood offer in terms of housing, shopping, recreation, and commercial space?**

The Property is located along the eastern sector of the Trinidad neighborhood of Northeast Washington. The Trinidad neighborhood is a predominantly residential neighborhood with a mixture of row houses, two-six unit flats and small walk-up apartment houses located in the southeastern sector of Ward 5. There is commercial activity primarily along the corridors of Benning Road and Bladensburg Road. The major transportation corridors are Benning Road, Florida Avenue and Bladensburg Road, a north/south artery that basically bisects the neighborhood. West Virginia Avenue, located one block east of the subject, and Mount Olivet Road are secondary arteries, which feed into the named arteries and New York Avenue.

Additionally, the Property is located within Cluster 23, Ivy City, Arboretum, Trinidad & Carver Langston. According to the Quality Schools: Every Child, Every School, Every Neighborhood report ("IFF Study"), this cluster is one of the top ten clusters of need for high-performing public school seats in the city. The IFF Study reports that 88% of students in Cluster 23 are in under-performing schools without many options.

**3. No Necessary District Use. D.C. Code § 10-801(a-1)(2)(A).**

*a. Please describe allowable future uses for the Property.*

The Property is located within the boundaries of the R-5-B zoning district, a zoning classification wherein the predominant land use is low-medium density apartment house development. Alternate land uses are permitted within this zoning category to include development of townhouses, flats, hotels and Special Purpose facilities. Commercial development is not permitted in the R-5-B zoning district except for adjuncts within apartment houses for the daily needs of the building residents.

Within the R-5-B zoning district, newly constructed buildings are limited to a height of fifty (50) feet. Lot occupancy is restricted to 75 percent of the Gross Lot Area with a maximum Floor-Area-Ratio of 1.8 or 180 percent of the lot area. Off-street parking is required at the rate of one (1) space per two (2) dwelling units.

*b. How were other District facility needs considered? Please explain if the Property has any viable District use or why the Property has no viable use by the District, including the process for making the determination not to implement the viable District use or that the Property has no viable use by the District.*

The Property has not been used by DC Public Schools ("DCPS") since 2008. DCPS closed the doors to the Property due to low enrollment. The subject property is a physically challenging. The building design reflects construction features and functional obsolescence of its

era, i.e. expansive load bearing walls, 13-foot high ceilings, expansive wide corridors, and dual 20 foot wide stairwells. According to the independent appraisal commissioned by DGS “the most viable and acceptable utilization of [schools like the Property] is for leasing to charter schools.” Currently, there are 59 charter schools on 95 campuses in the District of Columbia with a recent report estimating enrollment at 35,000 pupils. This provides the District families with increased choice in education. If a building can no longer adequately serve DCPS, charter schools are a viable and attractive option. A long term ground lease to a charter school utilizes the building and provides an option for public school families. Moreover, the Property has been evaluated for other District uses, such as the Department of Public Works (“DPW”) and the building is not a feasible match for any agency. The layout of the Property is not conducive to reuse as office space. It is too large and its cost of renovation is substantial.

**4. Why determination that the real property is no longer required for public purposes is in the best interest of the District. DC Code § 10-801(a-1)(2)(B).**

The proposed disposition assures that the Property will continue to serve the public purpose of providing educational services to the Ward 5. Since its closure in 2008 the Property has remained vacant. The District has proposed several uses for the Property, all of which have been unsuccessful. Meanwhile, Two Rivers Public Charter School (“**Two Rivers**”) is a high-performing Tier-1 school with a proven record of academic and building renovation success.

*a. Please describe most viable and reasonable future use(s) for the Property.*

Because of the limitation of size and capital improvements required, the only probable use of the Property is as a charter school. Subsequent to the Property being closed by DCPS, on September 25, 2008 the DC Office of Property Management (“**OPM**”) issued a competitive solicitation to identify a charter school tenant for the Property. That OPM Request for Offers (“**RFO**”) invited all eligible applicants (an approved public charter school or a public charter school whose petition to establish a public charter school that has been conditionally approved) to submit proposals for the reuse of the Property. The selection criteria emphasized project vision, school performance and financial capacity. The selection process consisted of a panel that included the Deputy Mayor for Education (“**DME**”). The OPM solicitation did not result in a selection.

The Department of General Services (“**DGS**”) (the former OPM) re-solicited the Property several times; in March 2012, October 2012, and lastly in July 2013. Two Rivers was chosen through the final RFO. The selection panel for this RFO included the Office of Planning (“**OP**”), DME and DGS. A thorough review of two charter school offers was conducted. There were three offers on the Property. The third offer however, was not responsive. Two Rivers was competitively chosen through this RFO process. Two Rivers was chosen because of its demonstrated academic success, high demand of additional space by students and parents, and it’s an outstanding track record.

The location of the Property lends itself to the reuse by Two Rivers. Two Rivers’ current students are primarily from Wards 5 (26%), 6 (30%), and 7 (20%). Wards 5, 6, and 7 come together at the Property, which is on the southeastern border of Ward 5, across Benning Road from Ward 6 and directly across the bridge from Ward 7. The Property is served by the busy X2 bus line, which connects the metro station at Minnesota Avenue in Ward 7 with the McPherson

Square station downtown and with a stop in front of Phelps High School, adjacent to the Young site, during school arrival and dismissal hours. Over the past two years, Two Rivers has sent several of its 8th grade graduates to Phelps High School. If awarded Two Rivers will seek additional ways to partner with the neighboring Phelps School.

Additionally, Two Rivers will redevelop the site without District funds, while simultaneously adhering to the Green Building, First Source and CBE requirements. In addition to defraying the cost of renovating the Property, this ground lease will allow the District to receive a savings from the current maintenance and utility costs of the Property.

***b. Please describe what potential uses of the Property would be in the best interest of the District (economic, social, educational, provision of affordable housing potential).***

DGS proposes a ground lease of the Property to Two Rivers as the most viable option for the Property. This ground lease will benefit families and students of the District by providing an opportunity to receive a rigorous academic program in a public school. In March 2013, Two Rivers' admissions lottery for the 2013-2014 school year had the biggest applicant pool in school history, with 1,840 applicants for 32 open seats; it is harder to get into Two Rivers than it is to get accepted into Harvard. This demonstrates the great demand for the additional program. There is especially a demand at the earlier grades with which Two Rivers intends to open. Two Rivers will open with grades PreK-3 to the first grade adding a grade level every year. The program at the Property will house preschool through fifth grade; adding one grade a year. The use of the Property will allow some of the students on the waiting list to attend Two Rivers. At full enrollment, the Property will serve 370 students, PreK3-5. If approved, the Property will begin serving students in school year 2015/16.

Two Rivers is a Tier One school according to the Public Charter School Board ("PCSB") Two Rivers has been declared a Tier One school for three years in a row, every year since schools have been ranked by PCSB. Two Rivers is known for its academic program which features Expeditionary Learning, developed by a group of Harvard educators during the early 1990s and incorporating the principles and philosophy of Outward Bound. Two Rivers uses learning expeditions as the framework for teaching content and state-level and common core standards. This instructional practice in Expeditionary Learning schools engage children's natural passion for learning to develop their curiosity, knowledge, and practical skills. Two Rivers intends to replicate this very successful model at the Property.

**5. Public Outreach and Comment.** DC Code § 10-801(a-1)(2)(C).

***a. What specific outreach was done to solicit community input on the proposed surplus and disposing of the Property, including any outreach conducted in addition to the public hearing required under DC Code § 10-801(a-1)(2)(C)?***

In addition to the Request for Proposals to solicit offers for the reuse of the Property, on July 10, 2013 the District by and through the Department of General Services held a public hearing on the surplus designation of the Young School prior to the release of the RFO. Following the RFO, DGS held a second public hearing to allow the charter school



applicants to present their offers before the community. Two Rivers was the only applicant to present. There were several questions about the District process of leasing to a charter school as well as specific questions about the proposed site. There were also several suggestions for the reuse of the Property. Those suggestions are outlined below:

- *The Young School name should remain*
- *Community/ Recreational Center with regularly scheduled physical activity programs*
- *Community library with internet access*
- *Community meeting space*
- *Some community members stated that the school reuse process was “too fast” and the community should have choices than just a charter school*

Following the award to Two Rivers, the charter school has actively engaged the community. Below outlines their efforts:

- *September 5, 2013, Jessica Wodatch Two Rivers Executive Director, attended the community meeting organized by DGS as part of process for charter schools applying for surplus buildings. Two Rivers presented about its current program and future hopes for Young.*
- *Commissioner Henderson from ANC 5D toured the Two Rivers 4th Street site on 9/3/2013 and Commissioner Blacknell toured on 9/10/2013 and met with Two Rivers school leaders.*
- *Guye Turner, current assistant principal at Two Rivers Elementary School and rising principal for Two Rivers at Young, attended the February 11, 2014 ANC 5D meeting.*
- *Jessica Wodatch attended the ANC-5D meeting on March 11, 2014.*
- *Guye Turner attended the Ward 5 Education Fair on Saturday, November 16th held at Dunbar. The fair was sponsored by the Ward Five Council on Education. Two Rivers had a table there and Mr. Turner spoke about the current program and plans for the Young site with attendees. Two Rivers is currently located in Ward 6, but was invited to be present at the fair because of the plans for Young (which is in Ward 5) in the future.*
- *Two Rivers has hosted open houses that it publicized through various means at its 4th Street campus elementary school (ES) and middle school (MS) on the following dates:*
  - *November 19 (ES), November 21 (MS)*
  - *December 9 (ES), December 10 (MS)*
  - *January 17 (ES), January 27 (MS)*
  - *February 25 (ES), February 27 (MS)*
  - a. *Jessica Wodatch has met with Councilmembers Wells (Ward 6) and McDuffie (Ward 5) to discuss the project at Young.*

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF GENERAL SERVICES



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Office of the Director

August 5, 2013

Chairperson Ronnie Edwards, ANC 5A  
122 Michigan Avenue, NE #L24  
Washington, DC 20017

Commissioner Sandra Washington, ANC 5A07  
32 Buchanan Street, NE  
Washington, DC 20011

RE: Disposition of A Closed Public School – Young School

Dear ANC Commissioners,

In accordance with section 10-801(a)(4) of the DC Official Code, this letter serves as notice that the District of Columbia Department of General Services (“DGS”) has determined that the Young School located at 820 26th St. NE is surplus District property.

This notice is to inform you that the Department of General Services will host a public hearing on September 5, 2013 at the Spingarn High School located at 2500 Benning Rd NE. The hearing will begin at 6:00PM. This hearing is a follow up to the previous hearing held on July 10, 2013. At the September 5, 2013 hearing, charter schools that have submitted offers to reuse the Young School will have an opportunity to present their offer to the community.

Be sure to inform your constituents. We would like to hear from you. Community input is valued and welcomed. Should you have any questions, please contact Althea O. Holford, Real Estate Specialist, at the DC Department of General Services at (202) 478.2428 or via email at [althea.holford@dc.gov](mailto:althea.holford@dc.gov).

Sincerely,

Brian Hanlon, Director  
Department of General Services

**DEPARTMENT OF GENERAL SERVICES**

**NOTICE OF PUBLIC MEETINGS REGARDING  
SURPLUS RESOLUTIONS PURSUANT TO D.C. OFFICIAL CODE 10-801**

The District will conduct a public hearing to receive public comments on the proposed surplus of the following District properties. The date, time and location shall be as follows:

**Properties:** Parcel No: 01600046 at 820 26th Street, NE ("Young School Building")  
**Date:** September 5, 2013  
**Time:** 6:00 p.m.  
**Location:** Spingarn High School located at  
2500 Benning Road, NE  
Washington, DC 20002  
**Contact:** Althea O. Holford, Real Estate Specialist  
Department of General Services  
202.478.2428 or [althea.holford@dcd.gov](mailto:althea.holford@dcd.gov)

**APPRAISAL**

**OF**

**THE CHARLES YOUNG SCHOOL**

**PAR 160/45(In Part)**

**820 26<sup>th</sup> STREET, NE**

**WASHINGTON, DC**

**(“FAIR MARKET RENTAL VALUE – “AS IS” CONDITION)**

**VALUATION AS OF:**

**AUGUST 6, 2013**

**PREPARED FOR:**

**DEPARTMENT OF GENERAL SERVICES  
GOVERNMENT OF THE DISTRICT OF COLUMBIA**

**ATTN: MS. ALTHEA HOLFORD**

**REALTY SPECIALIST**

**2000 14<sup>TH</sup> STREET, NW**

**8<sup>TH</sup> FLOOR**

**WASHINGTON, DC 20002**

**PREPARED BY:**

**MORRIS E. JAMES & ASSOCIATES**

**1234 MASSACHUSETTS AVENUE, NW, SUITE #128**

**WASHINGTON, DC 20005**

**MORRIS E. JAMES & ASSOCIATES**  
**REAL PROPERTY APPRAISERS**  
1234 MASSACHUSETTS AVENUE, NW, SUITE 128  
**WASHINGTON, D.C. 20005**  
(202) 628-5021  
FAX (202) 628-4907

Morris E. James, A.S.A.

Lindell B. Younger

August 15, 2013

Department of General Services  
District of Columbia Government  
2000 14<sup>th</sup> Street, NW  
8<sup>th</sup> Floor  
Washington, DC 20001

Attn: Ms. Althea Holford  
Project Manager

Re: Appraisal  
The Young School  
Parcel 160/45 (In Part)  
820 26<sup>th</sup> Street, NE  
Washington, DC

Dear Ms. Holford:

In compliance with your request, we have completed our appraisal of the captioned property to conform to guidelines as described in the "Statement of Work" provided by your agency. Consistent with instructional guidelines as provided, the appraisal assignment is to estimate the Fair Market Rental Value of the appraised property in the "As Is" i.e. present state of condition. Valuation instructions specify the preparation of a Summary Appraisal Report as prescribed by the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject property is improved with a two-story/one-story, free standing, brick, education facility. The Young School was originally constructed circa 1931 with subsequent additions constructed until 1970. The building was purported to have been renovated in 1997. The building comprises a Gross Building Area of approximately 70,400 square feet.

The Young School is one of four (4) schools situated on Parcel 160/45 which contains 1,168,841 square feet of land area of approximately 26.85 acres of land area. In addition to the Charles Young School, Parcel 160/45 is improved with the Spingarn High School, Phelps Vocational School and Browne Junior High School.

Ms. Althea Holford  
Page Two  
August 15, 2013

In accordance with instructional guidelines, the Appraisers have hypothetically subdivided a sector of Parcel 160/45 to be allocated to the Charles Young School property. The hypothetical subdivision forms the boundaries of the Service Road off 26<sup>th</sup> Street which leads to the rear of the parcel and Phelps Vocational School and a 10 foot wrought iron fence separating the north boundary and Browne Middle School. Based upon our subdivision, the Young School property contains approximately 252,000 square feet or approximately 5.79 acres of land area. The building is in Fair/Poor condition and requires major renovation to be raised to a competitive state. The property is zoned R-5-B and is located in the Trinidad neighborhood of Northeast Washington.

The Young School was previously appraised by this office in May of 2012. The school, which has been vacant for several years, is in a further deteriorated (interior) state as noted in our inspection of August 6, 2013.

On the basis of the inclusive analysis, the Fair Market Rental Value of the appraised property in the "As Is" Condition on a "Net" rental basis, as of August 6, 2013, the effective date of the appraisal, is:

**SEVEN HUNDRED NINETY FIVE THOUSAND DOLLARS**  
**(\$ 795,000.00)**

**Note:** The Fair Market Rental Rate is reflective of an "Unserviced" lease agreement with the tenant responsible for all major expenses of operation to include utilities, char service, interior maintenance. The landlord would be responsible for base real estate taxes, property insurance and management of the property. The typical lease would be for a 10 year period with a 10 year option. The lease would be graduated at a rate of 2-3 % per annum of the full Consumer Price Index (CPI).

Enclosed is our appraisal and accompanying photographs and graphics. Thank you for requesting our services.

Respectfully submitted,

Lindell B. Younger  
Certified General Real Property Appraiser  
District of Columbia, License #10057

Morris E. James, A.S.A.  
Certified General Real Property Appraiser  
District of Columbia License #10022

## **I. THE APPRAISAL PREMISE**

### **PROPERTY IDENTIFICATION**

The appraised property is legally identified as part of Parcel 160/45, located at 820 26<sup>th</sup> Street NE, Washington, District of Columbia. The Charles Young School property is improved with a two-story/one-story brick school building containing approximately 70,400 square feet of Gross Building Area.

“The Young School Site” contains a total land area of approximately 252,000 square feet, zoned R-5-B, located in the Trinidad neighborhood of Northeast Washington.

### **EFFECTIVE DATE OF VALUATION**

The effective date of valuation as, of which this appraisal shall apply, is August 6, 2013.

### **PURPOSE OF APPRAISAL**

The purpose of the appraisal, in this instance is to estimate the Fair Market Rental Value of the appraised property in its “as is” state of condition. Based upon the Scope of Work provided by representatives of the District of Columbia’s Department of General Services (DGS), the appraisal shall serve as a guide for proposed leasing of the subject property. The client in this assignment is the District of Columbia Government and the intended users are the client, applicable government entities and users deemed necessary by the client including but not limited to public charter schools.

**“Market Value” Defined:** The term “market value” as defined by the Uniform Standards of Professional Appraisal Practice as “the most probable price which a property should bring, in a competitive and open market under all conditions requisite to a fair sale (rental), the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus”.

“Implicit in this definition is consummation of a sale (rental) as of a specified date and passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interest;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and,
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

“Fair Market Rental Value” Defined: Synonymous with GSA Terminology - Contract for Appraisal Services (Form 1241-D): “The Annual Monetary amount reasonably expectable for the right to the agreed use of real and related personal property as established by competition in the rental market. If market information is unavailable, it is the annual amount which will amortize the value of the remaining capital investment, plus a fair rate of interest return during the remaining useful life of the rented property”.

### **CURRENT OWNERSHIP**

According to public records, ownership of the subject property is vested in the name of the District of Columbia Government. There has been no sale of the property during the past three (3) years.

### **SCOPE OF THE APPRAISAL**

In the development of the appraisal for this assignment, the Appraisers have conducted an on-site inspection of the subject parcel and the building improvements and an extensive review of Area, Neighborhood and Zoning Data relative to the subject property. Building data on file at the District of Columbia’s Department of Tax and Revenue was obtained to corroborate specific physical data regarding the improvements. The subject report represents a Summary Appraisal Report as prescribed by the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject property is improved with a two-story/one-story, free standing, brick educational facility. The Young School was originally constructed circa 1931 with subsequent additions constructed until 1970. The building was purported to have been renovated in 1997. The building comprises a Gross Building Area of approximately 70,400 square feet. The Young School is one of four (4) schools situated on Parcel 160/45 which contains 1,168,841 square feet of land area of approximately 26.85 acres of land area. In addition to the Charles Young School, Parcel 160/45 is improved with the Spingarn High School, Phelps Vocational School and Browne Junior High School.

The valuation assignment requires an estimate of the Fair Market Rental Value of the “Young School” in its “as is” state of condition. Typically, the Fair Market Rental Value is established through a Comparative Analysis of the appraised property with properties that have been leased in the subject or comparable neighborhoods having similar physical features and uses. Our review of the applicable Special-Purpose leasing market revealed significant market data to formulate a supportable opinion of the property’s Fair Market Rental Value by the Comparative Approach.

In addition to our analysis of the property by the Market Comparison Approach, the Appraisers have also developed the Fair Market Rental Value estimate by application of the Property Residual Method. This approach entails the application of market derived rates of returns to the established land & building components to derive an estimate of the property’s Fair Market Rental Value.



## II. AREA AND NEIGHBORHOOD OVERVIEW

### THE DISTRICT OF COLUMBIA

Washington, District of Columbia, the Nation's Capital, is the 'hub' of the Greater Washington Metropolitan Area, serving as the center of Federal Government and national/international business community for the region. The District of Columbia is bounded by the state of Maryland on the northwest, northeast, and southeast and the Potomac River on the south. In support of the Federal and local governments within the Washington Metropolitan area, private business entities provide contract goods and services. Tourism, retail and wholesale trades, diplomatic and legal/trade organizations and printing and food services are also significant to the city's economy.

The District of Columbia experienced a continuous and dramatic decline in population during the past thirty years; a period that exhibited a pronounced drop in the working, middle-class population. An overall population decrease of approximately 25 percent was reflected during this period decreasing the city population to approximately 540,000 persons. Resulting was city demographics to encompass an affluent upper class; a vastly reduced middle class and an underclass that continued to grow. However, it is noted that this depopulation trend appears to have slowed dramatically during the latter part of the 1990's. According to the US Census Bureau, the 2010 Population Estimate for the District of Columbia is 601,723 persons representing an increase of approximately 30,000 residents since 2000.

In view of the exodus of the large number of middle-class taxpaying citizens the past two-three decades, the revenue raising capacity of the city declined as well, being reflected in business and sales tax and personal income tax. The downturn of the commercial real estate market in the late 1980's to extend into the early 1990's further exacerbated the city's fiscal problems. However, despite the reduction of a large segment of the middle-class population of the city over the past three decades, the per capita income in the District of Columbia remained among the highest of large urban areas in the country. As indicated by the city's increasing population and the fiscal austerity initiated by the DC Financial Control Board, the District of Columbia has been one of the more financially stable metropolitan areas in the nation with surpluses achieved over the past five years. The District's favorable financial picture has improved the city's municipal bond rating and allowed billions of dollars of investments in new or renovated schools, roads and bridges and massive urban renewal projects such as the Northwest One project.

Washington, DC, is the center and economic base of the affluent Greater Washington Metropolitan area, ideally located between the industrial Northeast and the growing southeast. The city is served by a modern Metro rail system that functionally serves differing geographical areas of the city, extending into suburban Maryland and Virginia. Three major airports and twenty major airlines serve the city and the metropolitan area, as well as six major railroads. Four major interstate highways including I-495 (Capital Beltway), I-66, I-95/I-395 and I-295 assure easy access to other metropolitan areas. Washington, DC is historically recognized as the

Federal Government town, the Capital City of the United States. However, the city can no longer be viewed in that isolated perspective, but rather a city with a focus on expanding hi-tech operational centers catering to the Federal Government and the military. Also contributing to its emergence and revitalization is an expansive private office center, major universities with teaching hospitals, cultural centers and embassies.

Notwithstanding, the broad socio-economic and fiscal problems the city has faced over the past two decades, the District of Columbia has historically ranked as one of the top ten cities in the United States. The District of Columbia has historically been one of the premier business/office building locations with vacancy rates among the lowest and rental rates among the highest in the nation. According to recent publications, the District records the lowest vacancy rate of any major office market in the country reporting a 9.4 % vacancy at year end. The City had the highest average rents in the region with a reported average of \$ 55.00 per square foot, with "trophy" buildings in the East End reporting rents in the \$55-\$60 per square foot range.

During the period from 2001 to August of 2011, there were a total of 1,349 development projects in the city comprising a total of 268,887,006 square feet of building area (Development Report 2011/2012 edition Washington. This development boom consists of numerous signature projects in various sectors of the city including the East End Convention Center and Venison Center area, the Southwest Waterfront and Navy Yard/Ballpark Area, the Columbia Heights Metro Station Area and the NOMA area of "in-city Northeast Washington.

The District of Columbia, the Nation's Capital, is in the midst of a major renaissance with visible progress along several fronts since 1997-1998, to include a greater financial commitment of major programs and long-standing debt obligations by the Federal Government, the City's fiscal solvency, declines in crime rates in most major categories, the institution of tax incentives to spur home ownership and business development and an increase in home sales and residential property values during this period. These factors have stemmed the exodus of middle-class, taxpaying citizenry from the District of Columbia.

Development & revitalization is also reflected in the residential neighborhoods throughout the city, with record sales activity reported since 1997. Property values have generally doubled in most neighborhoods during this period. A 2007 report in Time Magazine indicates a change in housing values of approximately 108.1 % over the preceding five years with an increase of approximately 22 % per year. According to the Time survey, this represents the highest increase in the nation during this period. The revitalization of "in-city" areas such as Shaw, Logan Circle East and Columbia Heights has been well documented, as existing dwellings are being purchased, prices and renovated and land prices soared to record levels. Market demand is strong in the older stable neighborhoods of Northwest/Northeast Washington as shorter than "norm" marketing periods are experienced, with recorded sales prices being consistent with asking prices. Renewed interest is likewise being exhibited in the outer southeast and northeast sectors of the city where housing prices are still attractive to first time homebuyers and middle class residents.

This residential renaissance was reflective of the renewed confidence in the District and the various programs/tax incentives being offered to first time home buyers in the city and the aggressive efforts in general, being made by the District's Department of Housing and Community Development and the DC Housing Authority in ridding the city of non-suitable housing. According to Development Activity, an annual report of real estate development activity published by the DC Marketing Center, since January of 2001 58,210 units of new or renovated residential housing has been completed (or planned) in the city. Residential (apartment) vacancy rates are reported by various publications in the 4% range. While property values contracted during the 2007-2010 period values have stabilized over the past 18 months (generally) around the city. The District remains highly competitive relative to suburban districts and national markets. The single-family housing market is experiencing resurgence with well priced properties selling in the 30-45 day range. The biggest dilemma now facing city officials is the ability to provide affordable housing for its shrinking low and middle income residents.

The District of Columbia economy, while insulated to a degree by the presence of the Federal Government, has also felt the effect of the economic downturn in the national economy and the financial markets. New projects have been hampered by the inability to gain financing and numerous condominium projects have been reverted to a rental status. The comments relative to market conditions and analysis and the proper time adjustments to be applied to comparable sales seem to reflect a global view as opposed to the neighborhood and market segment viewpoint in the context of value for this project. The Appraisers clearly recognize the market contraction and diminution in value as a result of the economic downturn and housing crisis experienced nationally, regionally and in the District of Columbia. We note, however, that this value contraction and market slowdown is not as dramatic in the District of Columbia as experienced in the abutting jurisdictions and outer suburbs. In fact, the closer to the District proper there tends to be a less dramatic decrease in housing prices from the robust 2000-2006 period. More importantly, the impact of the downturn must be directly related to the particular market segment and the particular neighborhood as relates to a specific property.

The multi-family (rental) housing market, particularly in moderate income locations, has not experienced the contraction in rental rates or values similarly experienced in the single-family housing market and upscale condominium market. This factor is directly attributable to a number of factors, mainly the government influence through programs such as the LIHTC, Section 8, below market financing and the modest pricing levels impacting economies of scale. These programs create an insulated market which tends to stabilize development risk and prices.

The subject property is a physically and functionally obsolete educational facility representing one of the Surplus Schools in the District's inventory (due to shrinking enrollment). With the exception of favored locations in the Downtown CBD, the most viable and acceptable utilization of surplus schools is for leasing to Charter Schools, which have become a popular educational option since their inception in 1995. Currently, there are 59 charter schools on 95 campuses in the District of Columbia with a recent report estimating enrollment at 35,000 pupils. Such usage represents a practical option for the Webb School. Charter schools are allotted approximately \$2,800 per pupil for facilities.

### **NEIGHBORHOOD DESCRIPTION**

The appraised property is located along the eastern sector of the Trinidad neighborhood of “close-in” Northeast Washington, District of Columbia. The boundaries of the Trinidad neighborhood are generally construed as follows:

- (A) South - Benning Road;
- (B) West - West Virginia Avenue, N.E.;
- (C) North - Mount Olivet Road/ “M” Street, N.E.;
- (D) East - Anacostia Park

The Trinidad neighborhood is a predominantly residential neighborhood with a mixture of row houses, two-six unit flats and small walk-up apartment houses located in the southeastern sector of Ward 5. There is commercial activity primarily along the corridors of Benning Road and Bladensburg Road. The major transportation corridors are Benning Road, Florida Avenue and Bladensburg Road, a north/south artery that basically bisects the neighborhood. West Virginia Avenue, located one block east of the subject, and Mount Olivet Road are secondary arteries, which feed into the named arteries and New York Avenue.

The Trinidad neighborhood is a close-in sector of Northeast Washington located in close proximity to prominent landmarks such as Gallaudet University and major retail facilities such as the old Hechinger Mall and the “H” Street commercial corridor.

Notwithstanding the areas close-in location, the ongoing socio-economic problems that impact various neighborhoods throughout the District of Columbia has clearly impacted “quality of life” issues, general property conditions and values within Trinidad. Property values, which tend to be higher in the southern sector along Bladensburg Road have remained stagnant and in general decline over the past decade. Single-family dwellings reflect ranges generally in the \$ 200,000 to \$350,000 range with recorded sales of the numerous small multi-family dwellings which predominate the area ranging from \$200,000 to \$360,000. According to the DC Tax and Revenue Office, there were 65 single-family conveyances in 2010 with an average sales price of approximately \$250,000. Our research noted approximately 85 single-family sales in 2011 with typical process in the \$200,000 to \$375,000 range

In summary, the Trinidad neighborhood is an area favored by its close-in location to the Downtown Employment Centers; however, is in need of a comprehensive housing, economic development and public safety effort to achieve neighborhood stability. Langston Golf course is located east of the subject property. It was noted during our property and neighborhood inspection, that scattered renovations of existing dwellings were obvious and the clear northward push from the H Street corridor and Florida/New York Avenue will definitely be a catalyst for future neighborhood development.

### III. PROPERTY OVERVIEW AND DESCRIPTIVE ANALYSIS

#### DISCUSSION OF ZONING

The appraised property is located within the boundaries of the R-5-B zoning district, a zoning classification wherein the predominant land use is low-medium density apartment house development.

Alternate land uses are permitted within this zoning category to include development of townhouses, flats, hotels and Special Purpose facilities. Commercial development is not permitted in the R-5-B zoning district except for adjuncts within apartment houses for the daily needs of the building residents.

Within the R-5-B zoning district, newly constructed buildings are limited to a height of fifty (50) feet. Lot occupancy is restricted to 75 percent of the Gross Lot Area with a maximum Floor-Area-Ratio of 1.8 or 180 percent of the lot area. Off-street parking is required at the rate of one (1) space per two (2) dwelling units.

#### REAL ESTATE ASSESSMENT AND TAXES

Real property is assessed annually for tax purposes by the District of Columbia Assessor's Office at 100 percent (100%) estimated "Fair Market Value". The subject property is classified for taxation purposes as a Class II, i.e. commercial property which would be taxed at the rate of \$ 1.65 per \$100.00 assessed valuation for the first \$3,000,000 and \$ 1.85 per \$100.00 assessed valuation above the initial \$3,000,000. However, as a government-owned parcel, the subject property is exempt from real property taxation. The Tax Year 2013 Assessment(s) for the appraised property, covering the period from October 1, 2012 to September 30, 2013, is as follows:

<u>LAND</u> <u>ASSESSMENT</u>	<u>IMPROVEMENT</u> <u>ASSESSMENT</u>	<u>TOTAL</u> <u>ASSESSMENT</u>	<u>ANNUAL</u> <u>TAXES</u>
\$ 31,558,710	\$ 25,939,820	\$ 57,498,530	-----

Note: The Assessment reflects the value for Parcel 160/45 in its entirety, which encompasses 1,168,841 square feet of land and the improvements of Young, Spingarn, Phelps and Ron Browne. The assessed unit land rate is \$27.00 per square foot.

## **PROPERTY DESCRIPTION**

### **THE SITE**

The appraised site, legally identified for taxation purposes as Part of Parcel 160/45, a large parcel comprising approximately 27 acres of land. There is no official subdivision of the site and the Appraisers have hypothetically sub-divided the lot based upon site plats and physical measurements taken at the site visit.

The Young School is one of four (4) schools situated on Parcel 160/45 which contains 1,168,841 square feet of land area of approximately 26.85 acres of land area. In addition to the Charles Young School, Parcel 160/45 is improved with the Spingarn High School, Phelps Vocational School and Browne Junior High School.

Based upon our subdivision, the Young School property contains approximately 252,000 square feet or approximately 5.79 acres of land area. The parcel fronts approximately 480 feet along 26<sup>th</sup> Street, 525 feet along the Service Road, 480 feet along the rear of the site (abutting Phelps) and extends approximately 525 feet along the north boundary (adjacent to Browne Middle School).

The site is generally level and on grade with 26<sup>th</sup> Street with the site topography rising gently in a westerly direction. The improvements are located on the "main body" of the site, located approximately 25-50 feet above 26<sup>th</sup> Street. On-site improvements include an asphalt paved area for approximately 50 vehicles along the south side of the lot. There is a soft surface playground area to the rear of the new addition and the multi-purpose room/cafeteria. There is an approximate 10 foot'-high wrought iron fence that encircles the perimeter of the parcel.

All public utilities, i.e., municipal sewer and water, electricity, natural gas and telephone service are available to the site.

## **THE IMPROVEMENTS**

The subject property is improved with a two-story/one-story, free standing, brick, education facility. The building is a brick and reinforced concrete construction and has a flat-metal asphalt roof, with aluminum galvanized gutters and downspouts. There are aluminum double-hung windows in place throughout the building; fire resistant, hollow metal doors are in place at all building entries. All windows at the basement and first floor levels have been covered with metal security grates. There are thru-window air conditioning units in each classroom. Added security is provided by high-intensity security lights located along the roof perimeter on each side of the building.

The Young School was constructed in several phases with public records indicating the initial building being constructed circa 1931 with additions constructed in 1937, 1949, 1959 and 1978. Records indicate the building was renovated in 1997. The building design reflects construction features and functional obsolescence of its era, i.e. expansive load bearing walls, 13-foot high ceilings, expansive wide corridors, and dual 20 foot wide stairwells. The building comprises a Gross Building Area of approximately 70,400 square feet. At the time of inspection, the facility was vacant and significant water damage and vandalism to include breaking of interior hallway and door glass.

The main entrance to the building is via a multiple door entrance in the original structure facing 26<sup>th</sup> Street. There are secondary entrances to the building from the west and rear of the building. The general floor plan includes classrooms, administrative offices, the auditorium with balcony, and the gymnasium/multi-purpose room. Boys and girls restrooms are located in each wing of every floor with ancillary offices, teachers lounge and specialty classrooms.

There are four (4) egress stairwells in the front and respective east and west sides of the building. The layout of the building is somewhat unique in that there are a number of large open classrooms instead of the standard partitioned classroom sizes.

A more in-depth description of the building layout is presented under the headings to follow. Building floor plans are included in the Addenda of this report.

**FIRST FLOOR**

**47,400 square feet**

- **Original Wing**

Entrance Vestibule, Administrative Offices, Storage Rooms, Teachers Lounge Eight Large Unpartitioned Classroom, Boys and Girls Bathrooms

-Cafeteria; approx. 40 x 64 (Extends to a height of approx. 26 feet)

\*\* An adjacent kitchen was constructed in a later addition.

-Library; approx. 40 x 64 (Extends to a height of approx. 26 feet)

` **Auditorium** approx. 56 x 80 feet (Extends to a height of approx. 26 feet)

Note: The Auditorium has a performing arts sized stage.

- **New Additions**

Large Multi-Service Centers/Learning Centers were added on the respective north and south wings of the building.

Gymnasium- approx. 80 x 100 feet (Extends to a height of approx. 26 feet)

Note: The Gym has boys and girls locker areas.

**SECOND FLOOR**

**23,000 square feet**

- **Original Wing**

Two Large Learning Centers, Teachers Offices, book rooms Boys and Girls Bathrooms, Teachers Lounges and storage rooms.

- **New Additions**

Large Multi-Service Centers/Learning Centers were added on the respective north and south wings of the building.

Basic building interior finish includes durable block tile-covered floors, painted block hallways and acoustical tile ceilings with overhead fluorescent lighting. Typically, rooms utilized as offices have carpeted floors and interior partitioning. Interior finish varies throughout the building consisting of the original hardwood floors, commercial grade tile flooring (over), plaster walls and ceilings (above grade), painted brick and block walls (basement) and suspended "egg-crate" fluorescent lighting. The Multi-Purpose Room/Auditorium is finished with plaster and vinyl tile floors. Bathroom finish consists principally of ceramic tile and tile wainscoting and plaster walls and ceilings. The classrooms have fire metal wood doors and interior windows that allow for viewing from the hallway.



**OVERALL BUILDING CONDITION**

The Young School is structurally sound reflecting an above grade steel and reinforced concrete superstructure. At the time of inspection, the building was vacant and had experienced physical deterioration due to age, deferred maintenance and vandalism. There was purported to be some level of renovation in 1997. The electrical, plumbing and mechanical systems appear original and may require replacement/modernization for long term usage. In general, the overall condition of the facility is Poor with major modernization and interior remodeling required to raise the property to a competitive standard. The condition of the interior has further deteriorated since our original appraisal of the school in May of 2012.

### **HIGHEST AND BEST USE**

The term “highest and best use”, as applied in Real Property Valuation, is generally conceived to construe that “reasonable and probable” usage that supports the highest, present, property value, as of the effective date of the appraisal. Alternatively, highest and best use may be defined as “that use, from among reasonably probable and (legal) alternative uses that will produce the greatest net return of the land over a predictable period of time”.

Consistent with generally accepted appraisal methodology, the highest and best use of the property is established under two (2) distinct concepts, i.e., evaluation as if vacant (or unimproved), and as currently improved. From the conducted analysis, the estimated market value of the subject property is established predicated upon a property usage that yields the highest present property value.

### **HIGHEST AND BEST USE - “AS IF VACANT”**

The Young School property contains 252,000 square feet or approximately 5.79 acres of land area, located within the boundaries of the R-5-B zoning district. Referencing the Discussion of Zoning section of this report, the predominant land use in the R-5-B district is for garden-style apartment or single-family row townhouse development. Alternate land uses within the R-5-B zoning district are principally community or “Special-Purpose” uses, representing a secondary and less productive usage of the land.

Considering the property’s location and zoning, the highest and best use of the “Young School Sire”- as though vacant, is for the development of a row townhouse complex or alternatively development of a garden-style apartment complex more consistent with the R-5-A zone. The properties proximity to Benning Road makes it attractive to multi-family residential development. The sites outlying location inhibits the feasibility of a moiré intense apartment development as would be permitted in the R-5-B zoning district.

**HIGHEST AND BEST USE - "AS IMPROVED"**

The Young School is a two-story/one-story brick educational building, erected circa 1932-1970, containing a total of approximately 70,400 square feet of Gross Building Area. The improvements, which appear to be structurally sound, have a capacity for approximately 400 students. The site, as hypothetically sub-divided, is estimated to contain 252,000 square feet or approximately 5.79 acres of land area, located within the boundaries of the R-5-B zoning district

As developed, the Young School reflects a developed density (FAR) of approximately .28, significantly less than the typical project within the R-5-B zoning district. The disparity in the density of the site is reflected in the additional land area encompassed within the "undeveloped" front sector of the property. The original improvements were constructed circa 1931 and it is improbable that any alteration or demolition of the improvements would be contemplated or permitted by city officials. Recognizing the "in-use" development density of the site, the existing improvements optimize the utility of the land. The building provides a significant contribution to the value of the property.

The District of Columbia government proposes utilization of the facility as a charter school a legal and politically popular use of excess school facilities. Thus, we conclude that utilization of the property as a charter school to be consistent with the highest and best use of the property.

#### **IV. VALUATION SECTION**

##### **THE APPRAISAL ASSIGNMENT**

Valuation guidelines dictated by representative of the District of Columbia's Department of General Services (DGS) requires an Estimation of the Fair Market Rental Value of the subject property in its current, "as is" state of condition. The assignment dictates appraisal of the facility for continued usage as an educational facility which infers retention of the existing improvements.

##### **METHOD OF APPRAISAL**

The valuation assignment requires an estimate of the Fair Market Rental Value of the "Young School" in its "as is" state of condition. Summarizing our analysis, retention/renovation of the existing improvements for (continued) usage as an educational facility is representative of the highest, best, most productive usage of the property.

The valuation assignment requires an estimate of the Fair Market Rental Value of the "Young School" in its "as is" state of condition. Typically, the Fair Market Rental Value is established through a Comparative Analysis of the appraised property with properties that have been leased in the subject or comparable neighborhoods having similar physical features and uses. Our review of the applicable Special-Purpose leasing market revealed significant market data to formulate a supportable opinion of the property's Fair Market Rental Value by the Comparative Approach.

In addition to our analysis of the property by the Market Comparison Approach, the Appraisers have also developed the Fair Market Rental Value estimate by application of the Property Residual Method. This approach entails the application of market derived rates of returns to the established land & building components to derive an estimate of the property's Fair Market Rental Value.

An in-depth description of the valuation methodology employed and our subsequent opinion of the market value estimates are presented under the valuation headings to follow.

**(A) FAIR MARKET VALUATION – PROPERTY RESIDUAL METHOD**

The principal market value estimates applicable in this analysis is the Property Residual Method, due principally to the dearth of compelling “arms length” market rental data of similar-sized properties. This approach entails (initially) establishment of the Market Value of the property and the subsequent application of a return rate to the asset to derive the Fair Market Rental Value. As a “special-use “ property, not openly traded on the market, the Market Value of the Young School is established by application of the Cost Approach. The Return Rate will be established predicated upon return rates for competing financial instruments recognizing an appropriate adjustment for risk, management and illiquidity. The analysis by the Cost Approach will follow with the evaluation of the underlying land predicated upon the highest and best use-as if vacant.

**MARKET VALUE ESTIMATE - COST APPROACH**

**LAND VALUE ESTIMATE**

The Market Value Estimate for the appraised parcel, as previously stipulated, is established by application of the Sales Comparison or Market Data Approach. Summarizing pertinent site data for the site, the Young School Site is hypothetically sub-divided to contain contains 252,000 square feet or approximately 5.79 acres of land area, located within the boundaries of the R-5-B zoning district. Optimum usage of the parcel is concluded to be development of a low density row townhouse or apartment house project consistent with the R-5-A zone. The sites outlying location inhibits the feasibility of a more intense apartment development as would be permitted in the R-5-B zoning district.

In extension of the Sales Comparison Approach, the Appraisers have conducted an extensive review of the low density residential land markets within the Trinidad, in-city Northeast and comparable locations of Northeast, Northwest and Southeast Washington. Our study covered the preceding 2-3 year period prior to the effective date of valuation and focused on the R-5-A zone which allows low-density residential townhouse development, the conceived optimum land use for the subject parcel.

Based upon our review of the applicable commercial land markets, we have identified six (6) sales of vacant sites (or improved sites wherein the preponderance of value is vested in the land) for consideration by the Market Data Approach. The Appraisers note that there were numerous land conveyances within the immediate neighborhood which were not included in the sale listing due to utility factors/development potential and zoning.

In the Comparable Sales Listing in the Addenda, an in-depth profile of the selected sales is provided. With the subject property being basically "raw land" and recognizing the subjectivity involved in projecting the developable units for the comparable sales, the unit of comparison most applicable in this assignment is the price paid "Per Square Foot of Land Area". A generalized "Comparative Analysis" and subsequent opinion of the value for the subject parcel is presented following the Comparable Sales Listing.

**COMPARABLE SALES LISTING**

**Sale # 1**

**Property Address:** 519 Montana Avenue, NW

**Legal Description:** Square 3638, Lot 85

**Date of Sale:** November 28, 2012

**Sales Price:** \$ 97,000

**Owner:** True Turtle LLC

**Land Area:** 5,446 square feet: zoned R-4

**Comments:**

The site fronts approximately 55 feet along Montana Avenue and extends to a depth of 100 feet. A 15 foot wide public alley abuts the rear of the lot.

**Sales Price Per Square Foot of Land Area:** **\$ 17.81**

**Sale # 2**

Property Address: 2500 Block of Alabama Avenue, SE  
Legal Description: Square 5730, Lot 15, 17,19 21, 23 & 913  
Date of Sale: January 23, 2012  
Sales Price: \$ 555,000  
Grantee: Visions Of Victory LLC  
Land Area: 18,843 square feet; zoned R-5-A

Comments:

The site is comprised of six (6) vacant lots comprising 12,000 square feet (2,000 square feet per lot) and Lot 913 improved with an old walkup apartment containing 6,843. The site has approximately 180 feet of frontage along Alabama Avenue near 25<sup>th</sup> Street. The site is basically level and on grade with Alabama Avenue, a dual-laned artery.

**Sales Price Per Square Foot of Land Area: \$ 29.45**



**Sale #3**

Property Address: 400 Block-17th Street, NE  
Legal Description: Square 4546, Lot 164  
Date of Sale: February 19, 2008  
Sales Price: \$ 1,305,280  
Grantee: Rosedale Development LLC  
Land Area: 32,400 square feet; zoned R-5-A

**Comments:**

Lot 164 in Square 4546 is a rectangular-shaped parcel containing 32,440 square feet or approximately .75 acres of land area. The parcel has frontage of 166 feet along the east side of 17<sup>th</sup> Street and extends to a "norm" depth of 195 feet. 15 foot wide public alleys abut the north and south boundaries of the site with a 25-foot wide public abutting the east (rear) boundary.

The site is basically level and on grade with 17<sup>th</sup> Street a secondary one-way south bound artery. On-site improvements include an approximately seven-foot high chain link fence that encircles the perimeter of the site. All public utilities, i.e. municipal sewer and water, electricity, natural gas and telephone service are available to the site.

**Sales Price Per Square Foot of Land Area: \$ 40.29**

**Sale # 4**

Property Address: 2604 & 2610 Stanton Road, NE

Legal Description: Square 5869, Lot 1076 & 1077

Date of Sale: February 1, 2012

Sales Price: \$ 370,000

Grantee: Stanton Road SE LLC

Land Area: 3,875 square feet (Lot 1076)  
13,276 square feet (Lot 1077)

17,151 square feet; zoned R-5-A

Comments: The site is slightly above grade comprising approximately 170 feet of frontage along the north side of Stanton Road extending to a depth of approximately 100 feet. The site is located near the major apartment development along Sheridan Road.

**Sales Price Per Square Foot of Land Area: \$ 21.57**

**Sale # 5**

Location: 3<sup>rd</sup> Street & Randolph Place, NE

Legal Description: Square 3573, Lots 78-83

Sales Price: \$ 500,000

Sales Date: April 27, 2010

Grantee: 3<sup>rd</sup> & Randolph LLC

Land Area: 12,736 square feet; zoned R-4

Comments: The site is a rectangular shaped parcel with frontage of 50 feet along "O" Street and extending to a depth of approximately 146 feet. The site is basically level and on street grade and is cleared for development.

**Sales Price Per Square Foot of Land Area: \$ 39.26**

**Sale #6**

**Property Address:** 220 Taylor Street, NE  
**Legal Description:** Square 3664, Lots 25  
**Date of Sale:** April 7, 2011  
**Sales Price:** \$ 7,100,000  
**New Owner:** Washington Yu Ying Public Charter School  
**Land Area:** 127,860 square feet; zoned R-5-A

**Comments:**

The parcel is an elongated site, formerly improved with a special purpose educational/residential facility. The property was last utilized as the Marist Seminary. The improvements contain approximately 35,000 square feet of building area and are estimated to contribute approximately \$2,500,000 to the site.

**Sales Price Per Square Foot of Land Area:** **\$ 35.90**

### LAND VALUATION SUMMARY

The selected sales are the most recent conveyances of medium to small residential zoned lots within the Trinidad and comparable neighborhoods of Northeast and Southeast Washington. The comparables, which are considered to have varying degrees of comparability to the subject parcel, reflect (unit) land values to range from \$ 17.81 to \$ 40.29 per square foot of land area. As is applicable in development of the Sales Comparison Approach, adjustment factors are considered to recognize basis value contributing differences between the subject parcels and the comparable sales.

Summarizing pertinent site data for the property, the Young School Site, as subdivided, comprises approximately 252,000 square feet of land area. The site has extensive frontage along 24th Street; however, the site topography rises gradually and has been graded to accommodate parking and the improvements.

Adjustment factors as applied in this analysis reflect the Appraiser's value judgments with respect to the factors as outlined heretofore. Application of "paired - set" type adjustments as applied in traditional valuation analysis is unrealistic due to the diversity of the sale properties and the inability to derive incremental value differences for the respective factors. The applicable adjustments are summarized as follows:

- (A) Location - to recognize the general inferiority/superiority of the compared location with the comparable.
- (B) Site Utility - adjustments based upon development potential attributable to configuration, topography, size, zoning and site costs.

Our generalized analysis of the sale properties and the subsequent adjustments are presented in the sections to follow.

**COMPARABLE ADJUSTMENT SUMMARY**

Sale #1, identified as 519 Montana Avenue, NE, is a regular-shaped parcel containing 5,446 square feet of land area. The site is located along Montana Avenue and reflects a unit land rate of \$ 17.81 per square foot. The parcel conveyed in November of 2012 and is zoned R-4. The parcel is vastly inferior from a location and utility standpoint. An overall upward adjustment of 35 % is applied.

**INDICATED UNIT VALUE:        \$ 17.81 per sq.ft. x 1.35 = \$ 24.04 per sq. ft**

Sale # 2 is a superior located parcel along Alabama Avenue, a comparable location. The sale sold at the unit rate of \$ 29.45 per square foot of land area. The site is improved with an old "shell" apartment building which would require an adjustment for demolition Site is superior to the subject from a utility standpoint. An overall downward adjustment of 20 % is applied to the sale.

**INDICATED UNIT VALUE:        \$ 29.45 per sq.ft. x .80 = \$ 23.56 per sq.ft.**

Sale # 3, identified as 400 Block-17th Street, NE, is 32,400 square foot lot that sold for \$ 40.29 per square foot. Location is superior to the subject. The site has far superior utility. A downward adjustment of 40 % applied in this instance.

**INDICATED UNIT VALUE:        \$ 40.29 per sq.ft. x .60 = \$ 24.17 per sq.ft.**

Sale # 4, located at 2604 & 2610 Stanton Road, NE, is 17,151 square foot site that sold for \$ 21.57 per square foot. Location is comparable to the subject parcel. The site has superior utility. An upward adjustment of 10 % applied in this instance.

**INDICATED UNIT VALUE:        \$ 21.57 per sq.ft. x 1.10 = \$ 23.73 per sq.ft.**

Sale # 5, located at 3<sup>rd</sup> and Randolph Street, NE, is a 12,736 square foot lot that sold for \$ 39.26 per square foot. The comparable's location is superior to the subject. The site is a smaller parcel superior to the subject to the subject in terms of utility. A downward adjustment of 35 percent is considered appropriate.

**INDICATED UNIT VALUE:        \$ 39.26 per sq. ft x .65 = \$ 25.52 per sq. ft**

Sale # 6, located at 220 Street, NE, is a 127,860 square foot lot that sold for \$ 35.90 per square foot. The comparable's location is far superior to the subject. The site is comparable to the subject to the subject in terms of utility. A downward adjustment of 30 percent is considered appropriate.

**INDICATED UNIT VALUE:        \$ 35.90 per sq. ft x .70 = \$ 25.13 per sq. ft**

**LAND VALUATION CONCLUSION**

The “adjusted” unit value estimates reflected by the comparable sales reflect a range of \$ 23.73 to \$ 25.52 per square foot of land area or an average of \$ 24.36 per square foot of land. The properties are considered to have varying degrees of comparability to the subject with respect to size and development potential. Placing equal weight on the respective comparables, we conclude a unit land rate applicable to the subject property of \$ 25.00 per square foot of land area.

Based upon the hypothetical sub-division as delineated, the subject property contains approximately 252,000 square feet or approximately 5.79 acres of land area. Thus, on the basis of our analysis, the estimated market value of the underlying land, comprising the Young School Site in the “as is” state of condition, as of August 6, 2013, the effective date of the appraisal, is as follows:

$$252,000 \text{ square feet} \times \$ 25.00 \text{ per sq. ft.} = \$ 6,300,000$$

## PROPERTY VALUATION

### THE COST APPROACH

The Cost Approach, as applied in real property valuation, is based upon the basic premise that a willing purchaser would generally pay no more for property than the cost of replacing an equal "substitute" having similar utility as the subject. This approach is particularly applicable when the property under appraisal is improved with a special-purpose property, or when the property under appraisal is improved with new, or relatively new improvements considered to be reflective of the optimum site usage.

The Replacement Cost (New) of the subject building is derived through current construction costs for new school projects in the city and by the application of cost figures as published by the Marshall Valuation Service Cost Guide. This "guide" is an up-to-date-industry cost estimation manual published by the Marshall and Swift Publication Company. We have also conducted an extensive review of the recent school construction activity by the District of Columbia Government which has included the redevelopment of approximately 15 schools (both new construction and major renovation) over the past 4-5 years.

City records indicates that initial cost estimates for new construction ranged from approximately \$200 to \$250 per square foot for construction costs(exclusive of FFE). The higher per square foot rate is exhibited for middle and high schools where there is greater requirement for gymnasiums, auditoriums, labs and enhanced technology. The city estimates appear above market and are tempered by costs as reflected by recognized valuation cost guides. Considering the facilities of the subject property, a unit rate of \$ 200 per square foot is estimated for the Replacement Cost of the subject property.

In deriving the Building Value Contribution for the subject property, building depreciation must be recognized to reflect both physical and functional depreciation. In this case, the building has undergone a major renovation with new systems and finish in place. However, there is a degree of functional obsolescence due to the age of the facility and the inability to "cure" all forms of depreciation through the renovation effort. A modified version of the Age-Life Method is used to estimate depreciation which considers both functional and physical obsolescence.

Referencing the Improvements Description Section of this report, the subject building contains approximately 70,400 square feet of Gross Finished Building Area (above grade). In applying the Age-Life Method, the buildings projected economic life, predicated upon its construction quality, is estimated to be forty (40) years with a Remaining Economic Life of 30years.





**VALUATION ESTIMATE - Cost Approach**

Referencing the Land Valuation section of this report, the Appraisers have concluded a land value estimate for the subject property of \$ 6,300,000. In the preceding analysis, the depreciated value of the improvements was estimated to be \$ 3,670,000.

Thus, on the basis of the inclusive analysis, the estimated Market Value of the Young School Property in the "as is" state of condition by application of the Cost Approach, as of August 6, 2013, the effective date of the appraisal, is as follows:

Land	\$ 6,300,000
Improvements	\$ <u>3,670,000</u>
<b><u>TOTAL PROPERTY VALUE</u></b>	<b><u>\$ 9,970,000</u></b>

### FAIR MARKET RENTAL VALUE

Consistent with the Fair Market Rental Value definition as referenced, i.e. "in the absence of market information", the Fair (annual) Market Rental Value is estimated based upon the return as would be (typically) required to amortize the capital improvements, such being the return of the wasting asset i.e. the building. This methodology is generically referenced as a Straight Line Capitalization, Property Residual Method.

Under ideal market conditions, the Fair Market Rental Value of the Young School would be established through market comparison with similar properties that have recently been leased in the open market. However, as previously stated, our research failed to identify the existence of comparable "Special-Purpose" properties, under an existing lease, which could be realistically compared to the subject property. This factor is attributable to the limited pool of "special-purpose" properties (being marketed for leasing purposes) and the existing condition of the subject property. As stated by District of Columbia officials, the proposed leasing arrangement for the subject property would encompass a 25 year lease with an equal option period.

### APPLICABLE RETURN RATE

In establishment of the return rate applicable to the appraised property, the Appraiser's have referenced the financial market as a barometer for analyzing current yields for long-term instruments, i.e., the land with the building capitalization rate being predicated on a projected short term building economic life.

To establish rate of return applicable to the land, we have considered the application of long term bond rates as the most valid point of reference in establishment of the appropriate discount rate applicable to the underlying land. As of the effective date of valuation, the 30 Year US Treasury Bond Rate, a safe long term rate, was approximately 3.50 percent. To effectively apply the Prime Rate as the Applicable return rate (Land), we have adjusted the rate 150 basis points, or 1.50 percent to reflect risk, illiquidity and management. Thus, the applicable rate of return for the underlying land is  $3.50\% + 1.50\% = 5.00\%$ .

Referencing the Property Valuation section, Cost Approach, the estimated Fair Market Value of the underlying land is \$ 6,300,000 with \$ 3,670,000 attributable to the building improvements. The building improvements are estimated to have a remaining economic life of ten (10) years. Applying a straight-line recapture rate (for the building), the calculated recapture rate applicable to the improvements-based the projected 10-year remaining economic life is thus, 1 divided by 10, or .10-10%. In addition, a return on the improvements of 3.50 % is considered appropriate consistent with return rates realized for alternate long term investments. Thus, the return rate applicable to the building component is project at the rate of .0350 (3.5%) + .10 (.1350%), or .135, i.e., 13.5 %.

On the basis of the foregoing analysis, the estimated Fair (Annual) Market Rental Value of the Young School property in the "As Is" state of condition, on an Un-serviced "Net" basis, as of August 6, 2013, the effective date of valuation, is as follows:

	<u>Est. Value</u>		<u>Return Rate</u>	=	<u>Annual Rental</u>	
Land	\$ 6,300,000	x	.0500	=	\$ 315,000	
Improvements	\$ 3,670,000	x	.1350	=	<u>\$ 495,450</u>	
<u>Estimated Fair Annual Rental Value "As Is"</u>					=	\$ 810,450
(Net i.e. unserviced basis)						
<b>ROUNDED</b>					=	<b><u>\$ 810,000</u></b>

**(B) MARKET RENTAL OVERVIEW**

**(B) MARKET ESTIMATE-DIRECT COMPARISON APPROACH**

Our review of the applicable educational and Special-Purpose leasing market revealed virtually limited market data to formulate a supportable opinion of the property's Fair Market Rental Value by the Comparative Approach. This factor is attributable principally to the limited pool of such properties coupled with the general condition of the appraised property in its "as is" state of condition. We have obtained the rent roll for a number of the District of Columbia's Surplus Public Schools, as well as, interviewed market participants and educational officials with respect to rent parameters that are considered upon leasing of the prospective schools.

The charter school industry created a demand for surplus public schools or large properties with open floor plans that could be configured for classroom usage. As stated in the Area and Neighborhood section of the report, there are currently approximately 53 charter schools in the District of Columbia with in excess of 25,000 students. The charter schools now provide strong competition for students to DCPS that is projecting total enrollment of approximately 45,000 students. Charter schools are granted public subsidy of approximately \$2,800 for facilities with other grants available to defray real estate/facility costs. A key player in the charter school industry is Building Hope, a non-profit organization that provides a host of services to charter schools and start-up charters including real estate technical services, financing, incubator and leasing opportunities. Building Hope has purportedly partnered with the District of Columbia's Office of the State Superintendent of Education to provide facilities that can be leased to start-up charter schools.

Heretofore, charter schools have utilized a variety of property types for school usage to include conversion of industrial and commercial space, church annexes and auxiliary space, as well, as purchase of vacant parcels and new school construction. Often times the commercial space usage would engender rental rates for the entities that excluded green space and playground area and lead to rental rates rivaling commercial rents. These factors coupled with the greater efficiency of space (as compared to the gross area found in a typical educational building) makes a true comparison of these converted or commercial spaces problematic in comparison with a traditional older school located in a residential setting or zoning district.

The Appraisers have been obtained data for several large schools, which are leased by DCPS to charter school entities. The leases are older leases and considered below market. We have also conducted an extensive review of the portfolio of lease in the District of Columbia Public Charter School Board. Several leases of larger school properties (with excess land for playground area) have been recently negotiated such as the Rabaut, Taft and Birney schools; however, these leases are of a significant size and germane in this analysis. A profile of those leases is provided in the Comparable Lease Listing to follow.

SCHOOL LEASE LISTING

Lease Comparable # 1

2120 13th Street, NW

The Meridian Public Charter School leases the captioned property identified as the Harrison School. The lease was consummated in October of 2011 and is for a 25 year period with a 25 year option. The initial lease year was at the rate of \$ 450,000 per annum or \$14.08 per with a 2 % escalation clause. The Harrison Elementary School is a two-story and english basement brick facility containing a Gross Building Area of approximately 49,218 square feet. The structure is elongated in configuration and is comprised of three wings with an interconnecting center hallway. According to public records, the original, i.e. north wing, was constructed circa 1890 and the south additions were constructed circa 1933. Due to the extensive space loss and functional obsolescence, gross rental area is estimated to be 36,675 square feet. The building was in poor condition at the time of lease and is being renovated for the forthcoming school year.

**Base Rental Rate:**

**\$ 12.25 per square foot**

Lease Comparable # 2

4470 "Q" Street, NW

The Lab School is leasing the property under a lease assumption from the Rock Creek International School The 10-year lease agreement consummated in January of 2010 for an annual sum of \$ 166,725. The property, formerly the old Hardy School, is leased by the District of Columbia Government (through a sublet agreement with the original tenant). The property comprises 49,853 square feet of land with the building containing approximately 16,000 square feet (gross finished area). The lease reflects a graduated rental of 3 % per annum on an "Unserviced". The current lease rate is \$173,400.69 per annum. Additional improvements have been conducted by the Lab School total \$1,300,000 (+).

**Base Rental Rate:**

**\$ 10.85 per square foot**

Lease Comparable # 3

330 21<sup>st</sup> Street, NE

The Thea Bowman Preparatory Academy Public Charter School consummated a 5 year lease with a 3 year option on the facility known as the St. Benedict the Moor School. The lease commenced on July 31, 2009 for the initial space comprising 11,606 square feet. In year 3 of the lease, the tenant will add 4,588 square feet of expansion space reflecting a total leased area of 16,194 square feet. The facility has an on-site paved parking lot and a "shared" meeting room known as the Imperial Room. The tenant is responsible for all utilities and interior maintenance with the landlord responsible for exterior maintenance and mechanical equipment. The initial annual lease is \$213,500 per annum increasing to \$313,500 in Year 3 (adding the expansion space) increasing to \$322,592 for Years 4-5. The space was leased in a "competitive" state of condition. The lease also provided for the use of personal property (construed to be school equipment) and the use of the Imperial (meeting) room at no additional cost.

**Base Rental Rate:**

**\$ 18.40 per square foot**

**Lease Comparable # 4**

**2501 Martin Luther King Avenue, SE**

The Charter School Incubator Initiative leases the captioned property identified as the Birney School. The lease was consummated in September of 2011 and is for a 20 year period with a 20 year option. The initial lease year was at the rate of \$ 733,000 per annum or \$9.40 per with a 2 % escalation clause. The Birney Elementary School is a three-story and english basement brick facility containing a Gross Building Area of approximately 78,000 square feet. The building was in fair condition at the time of lease with approximately half of the building being un-renovated. The lease provides for rent credits for approved tenant work.

**Base Rental Rate:**

**\$ 9.40 per square foot**

**Lease Comparable # 5**

**100 Peabody Street, NW**

The Capital City Charter School leases the captioned property identified as the Rabaut School. The lease was consummated in September of 2011 and is for a 20 year period with a 20 year option. The initial lease year was at the rate of \$ 1,496,000 per annum or \$ 8.90 per square foot with a 2 % escalation clause. The Rabaut School is improved with a three-story/two-story/one-story, brick, educational building erected circa 1968, containing approximately 168,000 square feet of Gross Building Area. According to public records, the lot contains a total land area of 297,283 square feet or approximately 6.82 acres of land area. The property is zoned R-1-B and is located in the Chillum neighborhood of Northwest Washington, District of Columbia. The lease provides for rent credits for approved tenant work.

**Base Rental Rate:**

**\$ 8.90 per square foot**

**MARKET RENTAL SUMMARY**

The school lease comparables presented provide a general overview of the charter school leasing market. Analysis and application of the leases in a formal Comparative Analysis is problematic with respect to comparison with the property under appraisal. The properties under DCPS/Government control typically reflect below market rentals of schools requiring substantial rehabilitation to be raised to a 'competitive' and the commercial leases.

The Young School is in Fair/Poor condition with extensive physical depreciation and functional obsolescence noted for a building of its vintage. The facility contains 70,400 square feet of Gross Building Area with a gymnasium and athletic field. The facility has access to a rear athletic field and the facilities at Spingarn, Phelps and Browne.

The leases reflect rental rates of \$ 12.25, \$10.85, \$18.40, \$ 9.40 and \$ 8.90 per square foot of Net Rental Area. Lease # 3, is a school in far superior condition and is not weighed in our final analysis. Lease # 2 is in a far superior location and is afforded less weight as well. Leases 1, 4 and 5 are the principal leases in this analysis.

Lease # 1, the Harrison School lease is a property in "shell" condition with a superior location. A slight downward adjustment consideration would be applicable in comparing this property to the subject.

Lease # 4, the Birney School lease is a property in "fair" condition and inferior locationally. An upward adjustment consideration would be applicable in comparing this property to the subject

Lease # 5, the Rabaut School lease is a property in "Poor" condition and inferior from a utility standpoint. The school is located in the adjacent Chillum neighborhood and is a comparable neighborhood. An upward adjustment consideration would be applicable in comparing this property to the subject

Based upon the comparables as presented, we conclude a "base" rental rate for the subject property of \$10.00 to \$12.00; SAY: \$11.00 per square foot of Gross Finished Area for the school property. On the basis of the comparables as presented, we conclude the Fair Market Rental Value of the subject property in the "as is" state of condition, by application of the Direct Comparison Approach as of August 6, 2013, the effective date of valuation, is as follows:

$$70,400 \text{ SF} \times \$ 11.00 \text{ per square foot} = \$ 774,400$$

**ROUNDED: \$ 775,000**



**VALUATION CORRELATION/CONCLUSION**

The appraised property has been evaluated by application of the Direct Comparison Approach and Property Residual Methods to value, the considered most valid approaches in the estimation of the Fair Market Rental Value of the subject property. The resulting value indications, by application of the selected approaches, are as follows:

Direct Comparison Approach:	\$ 775,000
Property Residual Method:	\$ 810,000

The unit value indications by the respective approaches are closely bracketed with both approaches supported by the market. Thus, on the basis of the selected approach to value, the estimated Fair Market Rental Value of the subject property in its "As Is" state of condition, as of August 6, 2013, the effective date of valuation, is:

**SEVEN HUNDRED NINETY FIVE THOUSAND DOLLARS  
(\$ 795,000.00)**

Note: The Fair Market Rental Rate is reflective of an "Unserviced" lease agreement with the tenant responsible for all major expenses of operation to include utilities, char service, interior maintenance. The landlord would be responsible for base real estate taxes, property insurance and management of the property. The typical lease would be for a 10 year period with a 10 year option. The lease would be graduated at a rate of 2-3 % per annum of the full Consumer Price Index (CPI).

Respectfully submitted,

Lindell B. Younger  
Certified General Real Property Appraiser  
D.C. License #10057

Morris E. James, A.S.A.  
Certified General Real Property Appraiser  
D.C. License #10022

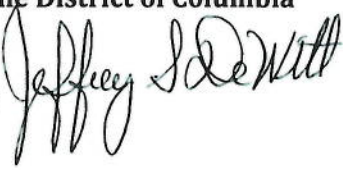
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeff DeWitt  
Chief Financial Officer

**MEMORANDUM**

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

**FROM:** Jeff DeWitt  
Chief Financial Officer 

**DATE:** April 23, 2014

**SUBJECT:** Fiscal Impact Statement – “Young School Surplus Declaration  
Resolution of 2014”

**REFERENCE:** Draft Resolution provided to the Office of Revenue Analysis on April  
17, 2014

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**Conclusion**

Funds are sufficient in the proposed FY 2014 supplemental budget and the proposed FY 2015 through FY 2018 budget and financial plan to implement the resolution.

**Background**

The resolution declares as surplus the District-owned property located at 820 26<sup>th</sup> Street, N.E., commonly known as the Young School, and known for tax and assessment purposes as Parcel 160/45. The property is currently vacant. The resolution declares that the property is no longer required for public purposes, but that the most viable use of the site is for continued use as an education facility. The Mayor intends to dispose of the property under a long-term ground lease with Two Rivers Public Charter School, which is addressed by a separate resolution.

**Financial Plan Impact**

Funds are sufficient in the proposed FY 2014 supplemental budget and the proposed FY 2015 through FY 2018 budget and financial plan to implement the resolution. Declaring the property as surplus has no impact on the District’s budget and financial plan.

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE ATTORNEY GENERAL



Legal Counsel Division

**MEMORANDUM**

**TO:** Lolita S. Alston  
Director  
Office of Legislative Support

**FROM:** Janet M. Robins  
Deputy Attorney General  
Legal Counsel Division

**DATE:** April 23, 2014

**SUBJECT:** Young School Surplus Declaration and Disposition Approval Resolutions of 2014  
(AE-14-222)

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**This is to Certify that** this Office has reviewed the legislation entitled the "Young School Surplus Declaration and Approval Resolution of 2014" and the "Young School Lease Approval Resolution of 2014" and found them to be legally unobjectionable. If you have any questions, please do not hesitate to call me at 724-5524.

  
Janet M. Robins