



2019 SEP 16 AM 10:51

OFFICE OF THE
SECRETARY

MURIEL BOWSER
MAYOR

SEP 16 2019

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

Dear Chairman Mendelson:

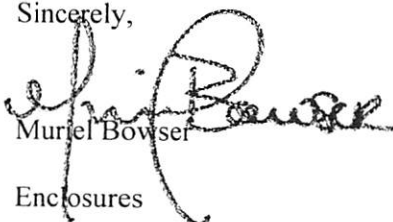
Enclosed for consideration by the Council is the "Truxton Circle Parcel Term Sheet Amendment Approval Resolution of 2019." This proposed resolution would approve changes to the land development Term Sheet approved by the Council as part of Truxton Circle Parcel Disposition Approval Resolution of 2017, effective December 5, 2017 (D.C. Resolution 22-0321; 65 DCR 36)("Term Sheet").

The Truxton Circle development project will activate a long vacant site along North Capitol Street through a mixed-use development creating affordable housing and ground floor retail. The development will be transit oriented and will feature sustainable design. The project Term Sheet is dated October 5, 2017, and was executed by the Deputy Mayor for Planning and Economic Development (DMPED) and the selected development team Cycle House, LLC. Since the Term Sheet was executed in 2017, DMPED and the Development Team have identified several substantive business terms that require changes for the project to move forward. Pursuant to D.C. Code §10-801 (b-4)(1), I am submitting for a 45-day period of review a redline of the proposed amended term sheet reflecting these necessary changes ("Amended Term Sheet").


As reflected in the enclosed redline, the Amended Term Sheet adjusts the one-time initial ground rent payment to accommodate modifications to the development plan to allow an easement on the property for neighboring property owners, to accommodate the addition of an affordable unit, and to address the increases in construction costs that the market has experienced in the past two years. The Amended Term Sheet adjusts the number of required residential units, increasing the number from 15 to 16. The Amended Term Sheet also adjusts the retail requirements including the size required and clarifying the acceptable uses. Council approval of the Amended Term Sheet will allow for this much anticipated project to move forward, creating affordable housing and community-serving retail prior to the expiration of the Mayor's disposition authority on December 5, 2019.

I look forward to your favorable consideration of this resolution. Thank you.

Sincerely,


Muriel Bowser

Enclosures


Chairman Phil Mendelson
at the request of the Mayor

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A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To approve an amendment to the term sheet for the disposition of District-owned real property known as Truxton Circle, located at 1520-1522 North Capitol Street, N.W., known for tax and assessment purposes as Lot 0842 in Square 0615.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “Truxton Circle Parcel Term Sheet Amendment Approval Resolution of 2019”.

Sec. 2. (a) The Council approved the Truxton Circle Parcel Disposition Approval Resolution of 2017, effective December 5, 2017 (D.C. Resolution 22-0321; 65 DCR 36) (the “Resolution”), which was accompanied by a term sheet, dated October 5, 2017, that was executed by the Deputy Mayor for Planning and Economic Development and the proposed developer. The term sheet outlined certain terms and conditions of the disposition of real property and defined in section 2 (3) of the Resolution as the “Property.”

(b) Pursuant to section 1 of An Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801(b-4)(1)), the Mayor has submitted, along

33 with this resolution, an amended term sheet, in redline form, that reflects certain changes
34 related to the business terms of the transaction of the Property.

35 (c) The Council hereby approves the amendments to the term sheet submitted
36 with this resolution and authorizes disposition of the Property in accordance with the
37 terms and conditions set forth in the amended term sheet.

38 Sec. 3. Fiscal impact statement.

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

43 Sec. 4. Transmittal of resolution.

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

46 Sec. 5. Effective date.

47 This resolution shall take effect immediately.

AMENDED TERM SHEET

TRUXTON CIRCLE

Date	October , 20179
Landlord	District of Columbia (the “ District ”), acting by and through the Office of the Deputy Mayor for Planning and Economic Development (“ DMPED ”).
Tenant	Cycle House, LLC, and its successors, assigns, or affiliates (the “ Developer ”), as approved by DMPED or permitted under the LDA (defined below).
Property	The real property located at 1520-22 North Capitol Street, NW, known for tax and assessment purposes as Lot 0842 in Square 0615 (the “ Property ”).
Land Disposition Agreement	All of the terms and conditions of the disposition of the Property will be governed by the terms of a Land Disposition Agreement (“ LDA ”) by and between the District and the Developer.
Method of Disposition	The Property will be conveyed by ground lease with a term of ninety-nine (99) years by the District to the Developer pursuant to D.C. Official Code §10-801(b)(8)(C).
Consideration	The Developer will pay a one-time initial ground rent payment of \$1530,000 due at Closing and thereafter an annual ground rent of \$1.00.
The Project	Developer will construct a mixed-use building (“ Project ”) consisting of (a) approximately fifteen <u>sixteen</u> (45 <u>16</u>) residential units, all of which will be affordable units reserved for households at or below 60% of AMI; (b) approximately 3,000-5,000 <u>7,000</u> square feet of ground-floor <u>commercial and/or</u> retail space; and (c) any ancillary uses in accordance with the terms of the LDA. <u>The Project may be modified only as permitted under the LDA.</u>
Affordable Housing	Developer will comply with the Disposition of District Land for Affordable Housing Amendment Act of 2014 (D.C. Law 20-193), as may be amended from time to time.
Conditions of Closing	The District’s obligation to ground lease the Property to the Developer shall be conditioned on the conditions to closing set forth in the LDA.
Green Building Requirements	The Developer shall construct the Project in compliance with the Green Building Act of 2006, D.C. Official Code §§ 6-1451.01 <i>et seq.</i> , as amended, and the regulations promulgated therewith.
Schedule of Performance	The following contains terms of the Schedule of Performance with estimated dates, which may be amended and extended with the approval of DMPED in accordance with the terms of the LDA: <ul style="list-style-type: none"> • Execution of the LDA – within 60 days after Council approval of the Disposition Resolution <u>this Amended Term Sheet</u>.

	<ul style="list-style-type: none"> • Closing – not more than 2 years after Council approval of the Disposition Resolution. • Commencement of Construction – 30 days after <u>Closing on the financing</u>. • Final Completion – 18 months after Commencement of Construction.
Post-Closing Requirements	<ul style="list-style-type: none"> • As required under the LDA, the Developer shall execute at Closing: the Ground Lease, the Construction and Use Covenant, and the Affordable Housing Covenant and shall be bound to comply with the requirements of the same for the applicable durations identified therein. • As required under the LDA, the Developer shall deliver to the District at <u>Closing</u> a Development and Completion Guaranty executed by a guarantor approved by DMPED.
Certified Business Enterprise	The Developer shall execute a SBE Subcontracting, and Equity and Development Participation, Statutory Requirements Acknowledgement Form in which the Developer acknowledges and agrees to be bound to the Certified Business Enterprise contracting, equity and development requirements applicable to the Project.
First Source Requirements	The Developer shall enter into a First Source Agreement with the Department of Employment Services that shall govern obligations of the Developer pursuant to D.C. Official Code §§ 2-219.03, <i>et seq.</i> , and Mayor’s Order 83-265 (November 9, 1983) regarding job creation and employment generated as a result of the construction of the Project.

INTENTION AND LIMITATIONS OF THIS AMENDED TERM SHEET

1. The Developer and DMPED acknowledge that they have prepared and signed this Amended Term Sheet for the sole purpose of obtaining the approval of the Council of the District of Columbia (the “**Council**”) to the proposed transaction. The Developer acknowledges that DMPED's negotiation of the LDA and the preparation of this Amended Term Sheet, DMPED's signature on this Amended Term Sheet, and submission of this Amended Term Sheet and supporting documents to the Council shall not bind the District to execute the LDA or to convey the Property to the Developer. The Developer further acknowledges that, notwithstanding Council authorizing the conveyance of the Property, the District has no obligation to do so absent the District and the Developer duly executing the LDA and the satisfaction of the conditions contained therein. In the event DMPED or the Mayor determine, in their sole and absolute discretion, to withhold submission of this Amended Term Sheet and supporting documents to the Council or to otherwise decline to secure Council authorization for the conveyance, DMPED may terminate negotiations with the Developer and the District shall not be responsible for the Developer's costs and expenses incurred in relation to the Property or the Project.
2. The Developer acknowledges that all approvals required of the Council will be granted or withheld in the sole and absolute discretion of the Council and that, absent Council approval of the proposed transaction, DMPED has no authority to convey the Property to the Developer. The Developer acknowledges that it is signing this Amended Term Sheet prior to obtaining all necessary Council approvals. In the absence of such approvals and execution of the LDA, the Developer proceeds at its sole risk and expense with no recourse whatsoever against the District.
3. The Developer and DMPED agree that upon receipt of all necessary Council approvals, the Developer and DMPED intend to finalize and execute the LDA governing all of the terms and conditions of the conveyance of the Property.
4. Until the Developer and the District enter into the binding LDA, both the Developer and the District reserve the right to proceed with the proposed transaction in their sole and absolute discretion. Upon the execution of the LDA, the Developer and DMPED shall proceed in accordance with the terms of the LDA; provided, however, that the Developer and DMPED acknowledge and agree that any substantive change in the terms set forth in this Amended Term Sheet shall be subject to further Council review and approval in accordance with D.C. Official Code §10-801(b-4).

The District and the Developer have caused this Amended Term Sheet to be signed and acknowledged by their respective duly authorized representatives as of the date identified above.

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

By: _____

Name: ~~Brian T. Kenner~~ John Falcicchio

Title: Interim Deputy Mayor for Planning and Economic Development

DEVELOPER

Cycle House, LLC

By: _____

Name: Mark James

Title: Managing Member

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



ATTORNEY GENERAL
KARL A. RACINE

Legal Counsel Division

MEMORANDUM


TO: Alana Intrieri
Executive Director
Office of Policy & Legislative Affairs

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

DATE: September 12, 2019

SUBJECT: Legal Sufficiency Review of Draft Resolution, "Truxton Circle Parcel Term Sheet Amendment Approval Resolution of 2019"
(AE-19-576)

This is to Certify that this Office has reviewed the above-referenced draft resolution found it to be legally sufficient. If you have any questions in this regard, please do not hesitate to call me at 724-5524.



Brian K. Flowers

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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

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

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: September 13, 2019

SUBJECT: Fiscal Impact Statement – Truxton Circle Parcel Term Sheet
Amendment Approval Resolution of 2019

REFERENCE: Draft Proposed Resolution as shared with the Office of Revenue
Analysis on September 10, 2019

Conclusion

Funds are sufficient in the fiscal year 2019 budget and the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill.

Background

The Council approved¹ the District's disposition of vacant land located in the Truxton Circle neighborhood in 2017.² The District will dispose of the land to a private developer, Cycle House, LLC, for the development of an affordable housing project. The District and the developer agreed to terms that included fifteen units of affordable housing, 7,000 square feet of ground floor retail, a \$530,000 payment at closing, and a 99-year ground lease with annual rent of one dollar.

The proposed resolution amends the terms of the disposition by increasing the number of residential units to sixteen,³ reducing the ground floor retail to 3,000-5,000 square feet, and reducing the

¹ Truxton Circle Parcel Disposition Approval Resolution of 2017, effective December 5, 2017 (Resolution 22-321; 65 DCR 36).

² The property is located at the corner of North Capitol Street, N.W. and Bates Street, N.W. and is known for tax assessment purposes as Square 615, Lot 842.

³ All the units must be affordable to households at or below 60 percent of the area median income.

The Honorable Phil Mendelson

FIS: "Truxton Circle Parcel Term Sheet Amendment Approval Resolution of 2019," Draft Proposed Resolution as shared with the Office of Revenue Analysis on September 10, 2019

payment due at closing to one dollar. The developer will still lease the property for one dollar annually under a 99-year ground lease.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 budget and the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. Cycle House, LLC will now pay the District one dollar at closing which must occur before the disposition authority expires on December 4, 2019. The expected payment of \$530,000 was not included as new revenue in the budget due to the general uncertainty around the timing of new economic development projects, therefore the reduction to one dollar has no impact on the budget or financial plan. The upfront and annual lease payments will be deposited into the Economic Development Special Account⁴ because the property was originally controlled by the National Capital Revitalization Corporation.⁵

⁴ National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008, effective March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2-1225.21).

⁵ D.C. Official Code § 2-1225.11.