



2019 OCT -7 AM 9:35

OFFICE OF THE
SECRETARY

MURIEL BOWSER
MAYOR

OCT - 7 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 are proposed resolutions entitled the "Howard Road Surplus Declaration and Approval Resolution of 2019" and the "Howard Road Disposition Approval Resolution of 2019". These proposed resolutions will declare District owned real property located at 1004-1018 Howard Road and Shannon Place S.E., Washington, D.C., and known for taxation and assessment purposes as Lots 0948, 0906, 1035, 0839, 1034, 0952, 0897, and 0908 in Square 5860 (Property), as no longer required for public purposes and approve its disposition pursuant to D.C. Official Code §10-801.

The proposed development will transform this site in Ward 8 into a mixed-use development including market-rate, affordable residential units, and workforce housing. The proposal is to construct eighteen, three-story townhouse units for home ownership. Three (3) of the units would price for-sale at 50% of Area Median Income (AMI); three (3) of the units would be at 80% of AMI; and twelve (12) of the units would be at 120% of AMI.

Following a community engagement process to obtain public input for the future use of the Property, the Deputy Mayor for Planning and Economic Development (DMPED) completed a competitive solicitation process to select a development team. Upon review of the received proposals, and in consideration of the requested criteria from the community and ANC 8C, DMPED selected the development team of Howard Road Community Partners LLC, H2DesignBuild and ASSET Management Consulting (Developer).

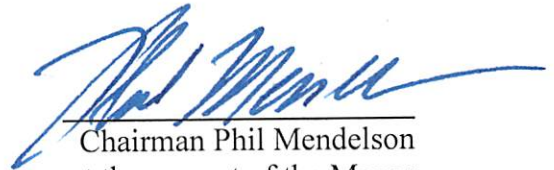
Approval of the proposed resolutions will declare surplus and allow for the disposition of the Property to the Developer to create a mixed used development. The redevelopment of the Property will provide affordable residential housing, home ownership opportunities, communal spaces to enhance the atmosphere and sense of community for its residents, and be a major step forward in the District's redevelopment of this currently underutilized property.

As always, I am available to discuss any questions you may have regarding these proposed resolutions. I look forward to their prompt and favorable consideration.

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 the disposition of District-owned real property, known as Howard Road at 1004-1018 Howard Road S.E. and known for taxation and assessment purposes as Lots 0948, 0906, 1035, 0839, 1034, 0952, 0897, and 0908 in Square 5860.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, that

this resolution may be cited as the “Howard Road Disposition Approval Resolution of 2019”.

Sec. 2. Definitions.

For the purposes of this resolution, the term:

(1) “Certified Business Enterprise” means a business enterprise or joint venture certified pursuant to the Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*), as amended.

(2) “First Source Agreement” means an agreement with the District governing certain obligations of the Developer pursuant to section 4 of the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.03), as amended, and Mayor’s Order 83-265, dated November 9,

33 1983, regarding job creation and employment generated as a result of the construction on
34 the Property.

35 (3) "Property" means the real property and improvements located at 1004-
36 1018 Howard Road S.E. and known for taxation and assessment purposes as Lots 0948,
37 0906, 1035, 0839, 1034, 0952, 0897, and 0908 in Square 5860.

38 Sec. 3. Findings.

39 (a) The developer of the Property shall be Howard Road Community Partners
40 LLC with a business address of 4700 14th Street, N.W., Unit B, Washington, D.C.
41 20011; managed by H2DesignBuild with a business address of 4700 14th St NW,
42 Washington, DC 20011; and includes ASSET Management Consulting and its
43 successors, assignees, sublessees, or affiliates, as approved by the Mayor (collectively,
44 the "Developer").

45 (b) The Property consists of approximately 35,300 square feet of land.

46 (c) The intended use of the Property is a mixed-use development including
47 residential units, affordable residential units, and any ancillary uses allowed under
48 applicable law, and as further described in the term sheet submitted with this resolution
49 (the "Project").

50 (d) The Mayor finds that the disposition shall include the following terms:

51 (1) The Developer will comply with the requirements of An Act
52 Authorizing the sale of certain real estate in the District of Columbia no longer required
53 for public purposes, approved August 5, 1939, as amended (53 Stat. 1211; D.C. Official
54 Code § 10-801 *et seq.*) (the "Act"), including dedicating residential units in the Project
55 as affordable housing units, pursuant to D.C. Official Code § 10-801(b-3).

56 (2) The Developer shall enter into an agreement that shall require the
57 Developer to, at a minimum, contract with Certified Business Enterprises for at least 35%
58 of the contract dollar volume of the Project, and shall require at least 20% equity and
59 20% development participation of Certified Business Enterprises in the Project, in
60 accordance with D.C. Official Code §§ 2-218.49a and 10-801(b)(6).

61 (3) The Developer shall enter into a First Source Agreement with the
62 District that shall govern certain obligations of the Developer regarding job creation and
63 employment as a result of the construction on the Property, pursuant to D.C. Official
64 Code § 2-219.03 and 10-801(b)(7) and Mayor’s Order 83-265, dated November 9, 1983.

65 (e) Pursuant to D.C. Official Code § 10-801(b)(8)(F), the proposed method of
66 disposition is a public or private sale to the bidder providing the most benefit to the
67 District, as further described in the documents submitted with this resolution.

68 (f) The District has satisfied the public hearing requirements of section 1(b-2)
69 of An Act Authorizing the sale of certain real estate in the District of Columbia no longer
70 required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code
71 § 10-801(b-2)) by holding a public hearing on March 12, 2019, at the DHCD Housing
72 Resource Center, located at 1800 Martin Luther King Jr. Avenue, S.E., to obtain
73 community comment and suggestions on the proposed use of the Property.

74 (g) The Land Disposition and Development Agreement for the disposition of
75 the real property shall not be inconsistent with the substantive business terms of the
76 transaction submitted by the Mayor with this resolution in accordance with subsection
77 D.C. Official Code § 10-801(b-1)(2), unless revisions to those substantive business terms
78 are approved by the Council.

79 Sec. 4. Approval of disposition.

80 (a) Pursuant to the Act, the Mayor transmitted to the Council a request for
81 approval of the disposition of the Property to the Developer.

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

83 Sec. 5. Fiscal impact statement.

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

88 Sec. 6. Transmittal of resolution.

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

91 Sec. 7. Effective date.

92 This resolution shall take effect immediately.

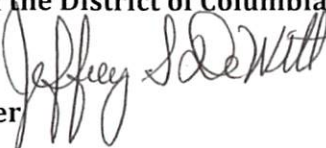
Government of the District of Columbia
Office of the Chief Financial Officer



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 26, 2019

SUBJECT: Fiscal Impact Statement – Howard Road Surplus Declaration and 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 2020 through fiscal year 2023 budget and financial plan to implement the proposed resolution.

Background

The proposed resolution declares eight District-owned parcels located along the east side of Howard Road, S.E. between Firth Sterling Avenue, S.E. and Shannon Place, S.E.¹ as surplus property. The combined properties are approximately 35,300 square feet of vacant land and are no longer needed for public purposes.

The properties will be disposed to Howard Road Community Partners LLC by the concurrently introduced Howard Road Disposition Approval Resolution of 2019.

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the proposed resolution. There are no costs associated with the surplus property declaration.

¹ Known for tax assessment purposes as Square 5860, Lots 839, 897, 906, 908, 948, 952, 1034, and 1035.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



ATTORNEY GENERAL
KARL A. RACINE

Legal Counsel Division

MEMORANDUM

TO: Lolita S. Alston
Director
Office of Legislative Support

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

DATE: September 19, 2016

SUBJECT: Legal Sufficiency Review of the “Howard Road Surplus Declaration and Approval Resolution of 2019” and the “Howard Road Disposition Approval Resolution of 2019”
(AE-19-584)

This is to Certify that this Office has reviewed the above-referenced resolutions and that we have found them to be legally sufficient.

If you have any questions in this regard, please do not hesitate to call me at 724-5524.

A handwritten signature in black ink, appearing to read 'BKF/c.f.', is written over a horizontal line.

Brian K. Flowers

DISPOSITION ANALYSIS
IN SUPPORT OF DISPOSITION OF REAL PROPERTY

Project Name:	Howard Road Property
Project Address:	1004-1018 Howard Road S.E.
Property Description:	Lots 0948, 0906, 1035, 0839, 1034, 0952, 0897, and 0908 in Square 5860 (the “Property”)
Size of Property:	Parcel is approximately 27,000 square feet
Zoning of Property:	RA-1 (low-moderate density residential)
Historic District:	None
Ward:	8
Proposed Purchaser:	Howard Road Community Partners LLC (“Developer”)

1. General Description of “Development Plan”:

The proposed development program will contain approximately eighteen, three-story, townhouse homeownership units with individual garages on the first level.

2. Proposed Method of Disposition. *D.C. Official Code § 10-801(b)(8).*

Private fee simple sale to the bidder will provide the most benefit to the District. *D.C. Official Code § 10-801(b)(8)(F).*

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

a. Public Benefits Requested in Solicitation.

The District is committed to maximizing community benefits for its residents. The District highly rates responses that will achieve and exceed its policy goals to maximize economic development value, improve the quality of life for the surrounding community, and advance opportunities for local residents and businesses. Specifically to Anacostia, the community wants homeownership units that will be affordable to local residents.

As outlined in the Request for Proposals (RFP), DMPED requested development proposal that embody the following characteristics:

- Maximize affordable housing;
- Maximize opportunities for CBE participation;

- Uses that are compatible and leverage surrounding neighborhood development;
- Responsiveness to community and stakeholder preferences;
- Sustainable and energy efficient buildings;
- High architectural design quality; and
- A transit-oriented development that reflects the project's proximity to multiple public transit options.

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

The Development Plan proposes to convert a long-vacant lot into a vibrant townhouse community of homeowners adjacent to the Anacostia Metro station.

The Developer has committed to work with the community on the design of the townhouses so that the new structures complement the historic character of the neighborhood. The proposed development provides an opportunity to re-energize a prime parcel at the gateway to historic Anacostia.

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

Currently, the Property consists of a vacant and fenced lot unutilized by anyone in the surrounding community or the Government of the District of Columbia. The proposed Development Plan will provide attractive homeownership units affordable to area residents. Furthermore, the proposed Development Plan will provide an active and well-lit streetscape, providing an improved pedestrian experience and better public safety at Howard Road and Shannon Place.

4. The chosen method of disposition, and how competition was maximized. *D.C. Official Code § 10-801(b-1)(1)(A).*

The chosen method of disposition is private fee simple sale to the bidder will provide the most benefit to the District. D.C. Official Code § 10-801(b)(8)(F).

The Office of the Deputy Mayor for Planning and Economic Development ("DMPED") conducted a solicitation process to select a team capable of developing the Property, meeting community preferences, and maximizing benefit to the District. The Request for Proposals (RFP), issued on June 22, 2018, was posted on DMEPD's website. DMPED also sent e-mail notifications regarding the issuance of the RFP to potentially interested parties.

The solicitation process engaged the broadest possible pool of experienced and capable respondents who would be able to create unique urban-infill environments.

An outline of the solicitation process is below:

Request for Proposals (RFP)

- RFP issued on June 22, 2018

- Proposal Submission Due Date – October 20, 2018 (one response received)
- Community Presentation by Respondent Teams – November 12, 2015
- The development team who submitted the RFP response was Howard Road Community Partners LLC
- DMPED Selection through the RFP – July 1, 2019

After DMPED received the response to the RFP in 2018, the respondent team presented a summary of its proposal to DMPED in November. The proposal was evaluated based upon:

- Viability of the proposal;
- Provision for affordable housing;
- Production of affordable homeownership units;
- Vitality for the surrounding neighborhood by activating a long-vacant lot; and
- “Fit” within the context of the greater comprehensive plan/vision for historic Anacostia.

Upon review of the proposal and in consideration of the requested criteria from ANC 8A, DMPED selected Howard Road Community Partners LLC to exclusively negotiate for the disposition and development of the Property.

Howard Road Community Partners LLC presented before the ANC 8A’s Executive Committee and the full ANC to obtain ANC 8A’s support for the proposed development. Engagement with ANC 8A will continue as the proposed development is considered by the D.C. Council and, if approved, through the development process.

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

An independent appraisal was completed in September 2019 by Integra Realty Resources of Washington, D.C. They concluded that the as-is market value of the District-owned property, but without the proposed development program, equated to \$1.00. This value assumes that 30% of the for-sale units are reserved as affordable and that the remaining 70% are reserved as workforce housing.

As the only proposal submitted in response to the RFP, the team offered a viable economic plan within its control in partnership with the DCHFA HIP Program for homeownership. The development budget reflects a total development investment of approximately \$6,700,000. The appraisal indicates that the current market value of the Property to be \$1.00

- 6. Please describe all disposition methods considered and provide a narrative of the proposed disposition method that contains comparisons to the other methods and shows why the proposed method was more beneficial for the District than the others in the**

areas of return on investment, subsidies required, revenues paid to the District, and any other relevant category, or why it is being proposed despite it being less beneficial to the District in any of the measured categories. *D.C. Official Code § 10-801(b-1)(1)(C).*

Homeownership opportunities is a priority for the community. A fee-simple sale is the most viable option for the Property because of the homeownership interest of future buyers of the townhouse units.

- 7. A pre-disposition economic impact statement in the form of a quantitative analysis that estimates the economic benefits, including revenues, tax receipts, and job creation, that will result from the disposition, including the anticipated benefits of any development project to be undertaken at the property and any offsite property, including direct, indirect, or induced outcomes. *D.C. Official Code § 10-801(b-1)(1)(D).***

- The project is anticipated to generate approximately \$162,474 in construction period tax revenues.
- The project is anticipated to generate approximately \$ 2,268,002 in permanent tax revenues over 30 years.
- Over 29 temporary jobs are anticipated to be created through the construction.
- Over 5 permanent jobs are anticipated to be created.

- 8. An itemization of any government assistance to be received, or contemplated to be received, by the purchaser or lessee under the disposition, including any discount on the price or rent, grants, loans, tax credits, tax abatements, tax increment financing, affordable housing subsidies, land exchange, and negotiated contributions. *D.C. Official Code § 10-801(b-1)(4).***

No government assistance contemplated to be received.

EXECUTION VERSION

TERM SHEET

Howard Road Property at Anacostia Metro

Date	September <u>10</u> , 2019
Seller (Landlord)	District of Columbia (the “ District ”), acting by and through the Office of the Deputy Mayor for Planning and Economic Development (“ DMPED ”)
Buyer (Tenant)	Howard Road Community Partners LLC, and its successors, assigns, or affiliates (the “ Developer ”), as approved by DMPED or permitted under the LDDA (defined below)
Property	The real property located at 1004-1018 Howard Road and Shannon Place SE, known for tax and assessment purposes as Lot(s) 0948, 0906, 1035, 0839, 1034, 0952, 0897, and 0908 in Square 5860 (the “ Property ”)
Land Disposition Agreement	All of the terms and conditions of the sale and purchase of the Property will be governed by terms of a Land Disposition and Development Agreement (“ LDDA ”) by and between the District and the Developer
Method of Disposition	The Property will be conveyed in fee simple by the District to the Developer pursuant to D.C. Official Code §10-801(b) (8)(F)
Consideration	\$ 1.00 to be paid at closing.
The Project	Construction of approximately eighteen “for-sale” townhouses
Affordable Housing	The units in the Project will be designated as affordable, including workforce units. Developer shall 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 convey the Property to the Developer shall be conditioned on the conditions to closing set forth in the LDDA
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 et seq., as amended, and the regulations promulgated therewith.
Schedule of Performance	The Project will follow 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 LDDA
Post-Closing Requirements	The Developer shall execute at Closing the Construction and Use Covenant and Affordable Housing Covenant and shall be bound to comply with the requirements of the same for the applicable durations identified therein. The Developer shall also deliver to the District at Closing 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,

EXECUTION VERSION

	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, <u>et seq.</u>, and Mayor's Order 83-265 (November 9, 1983) regarding job creation and employment generated as a result of the construction of the Project

EXECUTION VERSION


INTENTION AND LIMITATIONS OF THIS TERM SHEET

1. The Developer and DMPED acknowledge that they have prepared and signed this Term Sheet for the sole purpose of obtaining the approval of the Council of the District of Columbia (the "Council") to the proposed transaction. The Developer acknowledges that DMPED's negotiation of the LDDA and the preparation of this Term Sheet, DMPED's signature on this Term Sheet, and submission of this Term Sheet and supporting documents to the Council shall not bind the District to execute the LDDA 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 LDDA 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 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 Term Sheet prior to obtaining all necessary Council approvals. In the absence of such approvals and execution of the LDDA, 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 LDDA governing all of the terms and conditions of the conveyance of the Property.
4. Until the Developer and the District enter into the binding LDDA, 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 LDDA, the Developer and DMPED shall proceed in accordance with the terms of the LDDA; provided, however, that the Developer and DMPED acknowledge and agree that any substantive change in the terms set forth in this Term Sheet shall be subject to further Council review and approval in accordance with D.C. Official Code §10-801(b-4).

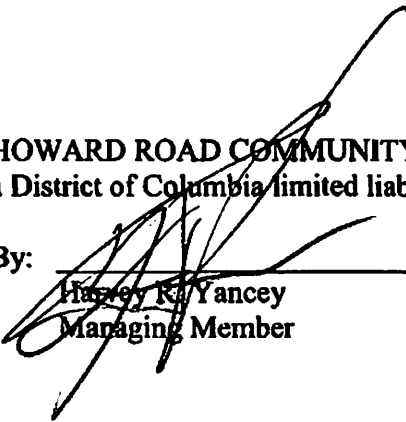
EXECUTION VERSION

The District and the Developer have caused this 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:  _____
John J. Falcicchio
Interim Deputy Mayor for Planning and Economic Development

**HOWARD ROAD COMMUNITY PARTNERS LLC,
a District of Columbia limited liability company**

By:  _____
Harney R. Yancey
Managing Member