

PUBLIC ROUNDTABLE ON
PR 15-268, “TAX INCREMENT REVENUE BONDS NJA
DEVELOPMENT PARTNERS, LP PROJECT APPROVAL
RESOLUTION OF 2003”

Before the
Committee on Finance and Revenue
Council of the District of Columbia

The Honorable Jack Evans, Chairman

July 7, 2003, 12:00 p.m.
Room 412
John A. Wilson Building



Testimony of
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Chief of Operations
Office of Research and Analysis

Natwar M. Gandhi
Chief Financial Officer
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Good afternoon, Chairman Evans and members of the Committee on Finance and Revenue. I am John Ross, chief of operations for the Office of Research and Analysis in the Office of the Chief Financial Officer. I am pleased to be here today to testify on Proposed Resolution 15-268, the “Tax Increment Revenue Bonds NJA Development Partners, LP Project Approval Resolution of 2003.”

Capitol Hill Towers is a planned mixed-use development including a Courtyard by Marriott hotel, rental housing – including affordable housing – an underground parking garage, and limited retail development.

The Chief Financial Officer certified this project for tax increment financing on June 9, 2003. In making this determination, the Office of the CFO carefully evaluated the project’s financial feasibility, its potential impact on District tax collections, other potential sources of project financing, and whether the project required a TIF allocation to proceed. The project has the support of Deputy Mayor Price and meets planning requirements. The Chief Financial Officer believes that providing TIF financing for this project is in the best financial interest of the District.

The total cost of the project is estimated to be \$113 million. This will be paid for with an equity contribution of \$36.5 million, including federal low-income housing tax credit equity; \$15 million in enterprise zone bonds; \$48 million in taxable and tax-exempt housing bonds through the D.C. Housing Finance Agency; \$2 million in commercial debt; and \$11.5 million in tax increment finance bonds.

The project is anticipated to both increase tax revenue to the city and provide adequate incremental tax revenue to pay debt service on the TIF bonds. Our independent consultant, Basile Baumann Prost and Associates, estimated that the project would result in about \$2.5 million in additional tax revenue to the city annually, once the project is stabilized. It is anticipated that there will be sufficient incremental tax revenue to pay debt service on the bonds.

It is our expectation that the project sponsors will be able to line up the balance of the financing over the summer. In particular, the project needs final approval for the housing bonds from the U.S. Department of Housing and Urban Development and the D.C. Housing Finance Agency. I understand that the Council will be considering approval of the Enterprise Zone bonds tomorrow. By approving the TIF bond resolution now, the Council will allow us to proceed with a financial close of the TIF and to start construction once the balance of the financing is complete, prior to the Council's return from summer recess in September.

We are pleased to have been able to certify the Capitol Hill Towers project, the fourth TIF project to be certified and the first to contain affordable housing. I am happy to answer any questions you may have.

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