

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



**Jeffrey S. DeWitt**  
Chief Financial Officer

**TAX ABATEMENT FINANCIAL ANALYSIS**

**TO:** **The Honorable Muriel Bowser**  
**Mayor, District of Columbia**

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

**FROM:** **Jeffrey S. DeWitt**  
**Chief Financial Officer**

A handwritten signature in black ink that reads "Jeffrey S. DeWitt".

**DATE:** **May 21, 2015**

**SUBJECT:** **The Park 7 at Minnesota-Benning Tax Abatement Act of 2015**

**REFERENCE:** **Draft Bill provided to EDF on May 8, 2015**

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**Findings**

The proposed bill, The Park 7 at Minnesota-Benning Tax Abatement Act of 2015, would provide a partial abatement of real property taxes on the low-income housing property located on Lot 13 in Square 5052. Under the bill, the property owner would receive \$19.2 million in abatements over 30 years as long as 300 of the 376 residential units are maintained as affordable units. The information provided by the Park 7 owner did not demonstrate an ongoing financial need. Therefore the Office of Economic Development Finance (EDF) has concluded that the proposed property tax abatement is not needed.

**Background**

Park 7 is a mixed-use development consisting of 376 rental units and approximately 20,000 square feet of retail space located at 4020 Minnesota Avenue, N.E. The building was financed using Low Income Housing Tax Credits and a private loan. Construction began in 2012. The property was completed and leasing commenced in 2014. Affordability covenants related to the tax credits require 92% of units remain affordable at 60% of Area Median Income (AMI) for 30 years.

**Financial Analysis**

The Exemptions and Abatements Information Requirements Act of 2011 requires the analysis provided by EDF to contain certain information. The required information is included below.

A separate fiscal impact statement will be prepared on the proposed legislation.

Terms of the Exemption or Abatement

The proposed legislation provides an annual abatement of real property taxes exceeding \$200,000 per year for a period of 30 years beginning, retroactively, at the beginning of tax year 2015. In exchange, 300 units must remain affordable for individuals earning 60% of AMI. The abatement runs with the site and would apply to any future owner if the building is sold.

Annual Proposed Value of the Exemption or Abatement

The total value of the abatement is \$19,207,293 over 30 years.

<b>Estimated Value of Property Tax Abatement for Park 7 at Minnesota-Benning</b>						
	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY2019</b>	<b>TOTAL FY 2020 – FY 2044</b>	<b>TOTAL FY 2016 – FY 2044</b>
Real property tax abatement retroactive for FY 2015	\$296,802					
Real property tax abatement each fiscal year	\$326,354	\$340,986	\$360,245	\$378,453	\$17,504,453	<b>\$19,207,293</b>

Summary of the Proposed Community Benefits

A summary of the proposed community benefits, as submitted by Donatelli Development is attached to this analysis.

Financial Analysis for Existing Building

*Review and analysis of the financial condition of the recipient and advisory opinion stating whether or not it is likely that the recipient could be reasonably expected to meet its fiscal needs without the proposed exemption or abatement.*

The information provided by the Park 7 owner did not demonstrate that the proposed tax abatement is required in order for the Park 7 to meet its ongoing fiscal needs.

**Attachment**  
**Community Benefits – Park 7 at Minnesota-Benning**  
**(Submitted by Donatelli Development)**

- DB Residential, LLC CBA Terms agreed to at 10/09/2009 meeting with CM K. Brown, DMPED, and ANC 7D representatives:
- Compliance with Great Streets/DDOT Streetscape plan
- Office of Planning project review relating to site configuration/orientation, façade design, and materials.
- Artwork installation on site in collaboration with the ANC, several community associations, and the Ward 7 Arts Collaborative.
- Establish a project web page
- Comply with DC Green Building Act and for “Green” and sustainable elements in the development if financially feasible.
- Work with DCBIA, ULI, or DMPED to provide a “Real Estate Development 101” seminar for any interested community members/students
- Apprenticeships and Job opportunities for community members/students
- \$100,000 CBA fund delivered at project completion (controlled by DBR, LLC)