

**PUBLIC HEARING ON**

**Bill 21-906: “Bryant Street Tax Increment Financing Act of 2016”**

**Before the  
Committee on Finance and Revenue  
Council of the District of Columbia  
Councilmember Jack Evans, Chairman  
November 16, 2016  
11:00 AM  
John A. Wilson Building, Room 120**



**Testimony of  
Betsy Keeler  
Deputy Director of Economic Development Finance  
Office of the Chief Financial Officer**

**Jeffrey S. DeWitt  
Chief Financial Officer  
Government of the District of Columbia**

Good morning Chairman Evans and members of the Committee on Finance and Revenue. My name is Betsy Keeler, Deputy Director of Economic Development Finance for the Office of the Chief Financial Officer. I am here to testify on, Bill 21-906, the “Bryant Street Tax Increment Financing Act of 2016.”

The Bryant Street Project is a 520,000 square foot mixed-use project being developed by MRP Realty. The Project site is adjacent to the Rhode Island Avenue Metro Station and the Metropolitan Branch Trail. The Project is anticipated to be anchored by a premium multiple screen movie theater and a full-service fitness facility. It includes 20,000 square feet of neighborhood retail and approximately 470 residential rental units. The Project’s total construction cost is projected to be \$220 million.

MRP Realty submitted a request for Tax Increment Financing in December of 2015. At the request of the Mayor, my office reviewed the application and determined that if the District would like to support this particular project as proposed, an \$18 million subsidy to the project is warranted and projected tax increment revenues will be sufficient to pay debt service on the corresponding tax increment financing (TIF) bond.

The proposed legislation authorizes the issuance of up to \$24 million in TIF bonds, including up to \$18 million for the Project, and additional amounts available for reserves, capitalized interest, and costs of issuance. Debt service on the bonds would be paid from the incremental project revenues, namely the incremental sales and property taxes generated within the newly created Bryant Street TIF Area.

The bill also authorizes revenues from the Downtown TIF Area as a secondary source of paying debt service on the bonds in the unlikely event that the incremental project revenues are insufficient. Authorizing the Downtown TIF Area as an additional revenue source requires the District to reserve in its budget an amount equivalent to one year of debt service. This reserve would be non-lapsing and, if used in any year, would be required to be replenished. Based on current market conditions, one year of debt service is estimated to be approximately \$1.7 million.

The legislation also authorizes the Mayor to execute a financing agreement governing the terms of TIF. A draft financing agreement has been negotiated by MRP Realty and the District. Because MRP has yet to identify sources for

debt and equity financings, the proposed TIF would be the first money committed to the Project. To mitigate some of the risks associated with this, the financing agreement has been negotiated to include a number of protections for the District including:

- Requirements that before the District issues any debt, MRP has secured all other financing sources, executed leases with the anchor tenants, provided completion guarantees for the Project, and has begun construction;
- Reductions to the TIF subsidy if the amount of equity invested in the Project is lower than anticipated; and
- Payments to the District should the profitability of the Project exceed expectations.

In addition, the legislation includes an expiration date. If the Project does not start construction and meet other conditions of issuance before March of 2019, the authority to issue debt under the proposed legislation would expire.

Finally, if the legislation is adopted, the Chief Financial Officer will incorporate the Bryant Street TIF bond into the debt cap beginning in fiscal year 2018.

Thank you for the opportunity to testify. This concludes my testimony and I am happy to answer any questions you have at this time.