

**JOINT PUBLIC HEARING**  
**ON**  
**Bill 20-382 “Skyland Town Center Omnibus Act of**  
**2013”**

**Before the**  
**Committee on Economic Development**  
**The Honorable Muriel Bowser, Chairman**  
**and**  
**The Committee on Finance and Revenue**  
**The Honorable Jack Evans, Chairman**  
**and**  
**The Committee on Government Operations**  
**The Honorable Kenyan McDuffie, Chairman**  
**and**  
**The Committee of the Whole**  
**Chairman Phil Mendelson**

**October 29, 2013, 10:00 a.m.**  
**John A. Wilson Building, Room 500**



**Testimony of**  
**John Ross**  
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**Office of the Chief Financial Officer**

**Natwar M. Gandhi**  
**Chief Financial Officer**  
**Government of the District of Columbia**

Good morning, Chairman Mendelson, Chairman Bowser, Chairman Evans, Chairman McDuffie and Members of the Council. My name is John Ross, Senior Advisor and Director of Economic Development Finance for the Office of the Chief Financial Officer (OCFO). I am here to testify for the Office of the Chief Financial Officer on the Skyland Town Center Omnibus Act of 2013.

The bill declares as surplus and authorizes the Mayor to dispose of approximately 18.7 acres of District-owned property at and adjacent to the Skyland Shopping Center located at the intersection of Naylor Road, S.E., Good Hope Road, S.E., and Alabama Avenue, S.E. The Mayor intends to transfer ownership of the property to Skyland Holdings, LLC. According to the developer's Planned Unit Development submission, the project will cost approximately \$200 million and will consist of approximately 475 residential units, with 20 percent of the units reserved for households earning below 80 percent of the Area Median Income and 10 percent reserved for households earning up to 120 percent of AMI. The project will also include approximately 340,000 square feet of retail space, to include a Wal-Mart.

The bill also creates the Skyland TIF Area and authorizes the issuance of \$40 million in bonds. Debt service on the bonds will be paid using the real property and sales tax increment generated on the site. The OCFO's analysis projects that tax increment from the site will be sufficient to pay debt service on the bonds. However, in order to successfully issue bonds for the project, the District will need to credit enhance the bonds with

incremental tax revenues from the Downtown TIF Area. The Downtown TIF Area increment would only be used if the incremental tax revenue from the Skyland TIF Area proves inadequate to service the bonds. In order to ensure that funds will be available to pay bondholders if needed, the District must include at least one year of debt service for the Skyland TIF Area in the annual budget. Approximately \$2.5 million will need to be budgeted in FY 2015 for this purpose.

The OCFO has reviewed the TIF application submitted by the developer, and has concluded that a \$40 million TIF subsidy is necessary if the District would like the Skyland Town Center to be developed as proposed. The \$40 million in bonds is already included in the District's debt cap analysis. The Mayor's office is also providing additional grant dollars for the project, but the OCFO has not reviewed these additional subsidies.

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