

RESOLUTION 18-08

To Authorize Conveyance through Purchase and Sale Agreement of Square 769S Lot 825 to 250 M Street, LLC for the Purposes of Constructing a Commercial Use

Summary

The purpose of this resolution is to authorize the District of Columbia Housing Authority to sell through agreement Square 769S Lot 825, to 250 M Street, LLC to construct a commercial office building in the Capitol Riverfront (formerly Capper/Carrollsborg) Neighborhood. The resolution would also authorize the Executive Director to execute all agreements, deeds and any other documents necessary to complete the sale of Square 769S Lot 825.

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RESOLUTION TO AUTHOIRZE CONVEYANCE OF SQUARE 769S LOT 825 TO WC SMITH CO FOR THE PURPOSES OF CONSTRUCTING A COMMERCIAL USE

WHEREAS, In 2002, the District of Columbia Housing Authority (“DCHA”) entered into an agreement with 250 M Street, LLC to include DCHA’s parcel Square 769S, Lot 825 (the “DCHA Property”) as part of the redevelopment of 250 M Street a site associated with the Arthur Capper/Carrollsborg HOPE VI site;

WHEREAS, in May 2003, DCHA authorized the submission of the Demolition/Disposition Application for the 25 acre site to the U.S. Department of Housing and Urban Development (“HUD”) Special Applications Center (“SAC”) for approval to dispose of the DCHA Property to 250 M Street, LLC an District of Columbia Limited Liability Company created by the William C. Smith Company;

WHEREAS, based on the land valuation, the original participation structure agreed to by both parties was a fifty-eight (58) percent to forty-two (42) percent split between William C. Smith Company and DCHA;

WHEREAS, in 2004 and 2007, the Stage I and Stage II Planned Unit Development Applications were approved by the DC Zoning Commission and were later modified in 2008 to add height to the building and then in 2010 extended; and in 2012, the WCS team began to look at alternative options for the site including residential and boutique hotel; however, the original deal was never consummated;

WHEREAS, in 2017 a client of the District of Columbia Department of General Services (DGS) expressed interest in the site; and then later in March of 2018, William C. Smith Company and DCHA received a letter of interest from the District Department of Transportation to occupy 160,000 sf of office space;

WHEREAS, as a result of the new interest, the parties initiated new negotiations for a deal for the office building, pursuant to which DCHA would agree to convey the DCHA Property in consideration of a participation interest in the proceeds of a sale or financing of the office building to be built on the combine properties, which interest would be structured as follows:

- DCHA would convey DCHA Property to WC Smith Co. (or designee)
- WC Smith Co. will give DCHA a promissory note in the principal amount of Five Million Dollars (\$5,000,000.00), payable from sale/refinance proceeds, after:
 - Construction Loan
 - Development Costs
 - Costs of sale/refinance
 - Mortgage; brokerage fees
 - Developer Fee

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PURCHASE AND SALE AGREEMENT OF
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- WC Smith Co. will pay DCHA, as additional purchase price, forty-six percent (46%) of proceeds remaining after payment of:
 - Payment to WC Smith Co. of its land value in the amount of Seven Million Dollars (\$7,000,000.00)
 - Return of preferred equity
- ; and

WHEREAS, immediately upon the Board of Commissioners' authorization of the conveyance of the DCHA Property, DCHA shall apply to HUD for a modification of HUD's Disposition authorization, and DCHA would convey the DCHA Property within five (5) business days of HUD's approval.

NOW THEREFORE IT BE IT RESOLVED that the Board of Commissioners hereby authorizes: i) District of Columbia Housing Authority to convey the DCHA Property to William C. Smith Co. (or its designated purchaser) for the purposes of constructing a commercial office building, pursuant to the Second Term Sheet, negotiated by and between the parties, in consideration of a participation interest in the proceeds of the sale or financing of the said office building; and (ii) the Executive Director to execute the Second Term Sheet, and all agreements, deeds and any other documents necessary or desirable in connection with the contemplated transaction, including, without limitation, any necessary request to HUD to modify its disposition approval for the Arthur Capper/Carrollsborg HOPE VI.

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ADOPTED, by the Board of Commissioners and signed in authentication of its passage the 10th day of August 2018.

ATTEST:

APPROVED:

Tyrone Garrett
Executive Director/Secretary

Neil Albert
Chairman

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Kenneth Slaughter
General Counsel