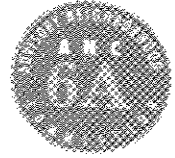


District of Columbia Government
Advisory Neighborhood Commission 6A
Box 75115
Washington, DC 20013



March 18, 2008

Chairman Vincent C. Gray
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

RE: Withdraw Tax Increment Financing for H Street, NE

Chairman Gray:

At our regularly scheduled and properly noticed meeting on March 13, 2008, our Commission voted 7-0 to request the Council to withdraw the current Tax Increment Financing (TIF) Program for H Street, NE and approve a TIF program that will encourage diversification and preservation of existing small properties versus providing incentives for consolidation of property for large scale development.

The Tax Increment Financing (TIF) Program is an economic development tool administered jointly by the Office of the Chief Financial Officer and the Office of the Deputy Mayor for Planning and Economic Development. This program allows the District government to sell bonds backed by a development's future taxes, with the bond money helping to pay the developer's construction costs. TIF is not a loan; the development's taxes, which would already have to be paid, are used to pay back the principal and interest on the bonds. Development costs that can be covered range from surveys to demolition to preservation (Complete list of costs is at Attachment #1).

A TIF project must satisfy two criteria. One, provide contributions to achieving public objectives that could not be achieved without TIF. Two, provide prospects for achieving a positive net fiscal impact. TIF projects approved in the past were for major downtown project including entertainment, retail, housing, offices, and parking, and neighborhood retail center on city-owned or privately held land which has remained underutilized.

The \$25 million TIF project approved for H Street are for projects that exceed 10,000 square feet of retail total with more than 5,000 square feet should set aside for an anchor retail use. Accordingly, only large lots like the H Street Connection and AutoZone sites appear eligible. The RFP also strongly encourages applicants to obtain maximum density through the Planned Unit Development process. While the RFP does encourage applicants to create "partnerships" with existing businesses, small business owners can only receive funding if they are part of a larger project anchored by a large landholder.

It is the large square foot requirement that is a problem. While the TIF program has been used by the city to spur large-scale development that is likely to be undertaken without public assistance, the H Street NE properties are not conducive to such an approach. The foundation of H Street is based in the diversity of small businesses. Our community needs a TIF program that strives to preserve small business diversity and not large-scale uniform homogenization and consolidation. We urge the Council to rescind the current TIF for H Street NE and authorize one that allows individual business on corridor to actively participate in this critical revitalization program.

On behalf of the Commission,

Joseph Fengler
Chair, Advisory Neighborhood Commission 6A

Cc: Councilmember Kwame Brown
Councilmember Tommy Wells

Approved TIF Development Costs:

(A) Costs of studies, surveys, plans and specifications, including professional service costs for architectural, accounting, engineering, legal, marketing, financial and planning services;

(B) Property assembly costs, including acquisition or leasing of land and other property, real or personal, or rights or interests in property, demolition of buildings and other structures, remediation of environmental hazards, and the clearing and grading of land;

(C) Costs of preservation, rehabilitation, reconstruction, repair or remodeling of existing public or private buildings, structures and fixtures;

(D) Costs of any public works or improvements undertaken by, or at the direction of the District or any other governmental unit;

(E) Costs of parking and transportation facilities, museums, other cultural institutions, educational institutions, retail, entertainment and recreation facilities, telecommunications infrastructure, public plazas, malls, pedestrian walkways and parks that are owned by the District or any other governmental unit or are privately owned but available for use by the general public;

(F) Costs of construction of new public or privately owned housing units and community facilities and costs of preservation, rehabilitation, reconstruction, repair or remodeling of public and private buildings for use as housing units and community facilities;

(G) Costs of maintaining and operating public works and improvements;

(H) Financing costs, including but not limited to all expenses related to the issuance of TIF bonds, interest on TIF bonds, TIF bond reserves, credit enhancements, and costs related to the performance by the District government of its covenants and agreements with the holders of its TIF bonds;

(I) Working capital and working capital reserves directly related to the development of a project;

(J) Administrative costs of the District in issuing TIF bonds pursuant to Board.

(K) Relocation, job training, and education costs.