

BACKGROUND: During the preparation of the Potomac Yard Metrorail Station Tier II Tax District abolition ordinance last year, it was realized that in the Tier I Tax District one development area (Parcel 506) in Landbay I (between Swann Avenue and Bluemont Avenue), bisected the now planned condominium building. Further research revealed that the original boundaries of Tier I, which were created by metes and bounds (since the creation of the Tier preceded the construction of the current road network) resulted in this parcel straddling both Tier I and the former Tier II Tax District, which was abolished by City Council in December 2018. Upon adoption of this proposed amendment, Parcel 506 will no longer straddle both districts and will exist entirely outside of Tier I and will no longer be subject to the special tax associated with this District, as are the adjacent townhouse and condominium parcels.

Staff is proposing a technical adjustment to the boundaries of the Tier I Potomac Yard Metrorail Station Special Services District to reflect the contemporary road network as well as the planned conversion from planned commercial use to condominium use. The recommended boundaries of the Tier I Tax District are Four Mile Run from the western boundary of the CSX railroad track property to Richmond Highway; Richmond Highway from Four Mile Run to Bluemont Avenue; Bluemont Avenue from Richmond Highway to Main Line Boulevard; northward along Main Line Boulevard from Bluemont Avenue to the midpoint of Swann Avenue; the midpoint of Swann Avenue from Main Line Boulevard to the western boundary of Potomac Avenue; southward along Potomac Avenue to the midline of Watson Street; from Watson Street to the western boundary of the CSX railroad track property; and the western boundary of the CSX railroad track property from Watson Street to Four Mile Run. Attachment 3 (Exhibit A) provides the public hearing notification of the amended boundaries of Tier I. No amendments are needed to Tier II, since it was abolished in December 2018. Properties that are not within the boundaries of Tier I are not within any Special Services District.

The amendments that are being proposed will establish the boundaries of the Tier I district as streets, the CSX rail corridor and Four Mile Run. When the Tier I district was created Watson Street did not exist and as result the border of Land Bay I was used. This action will clarify the boundaries with commonly recognized geographic references (streets).

It is important to note that a portion of parcel 506 was originally included in Tier 1 because at that time it was expected to likely be developed as multi-family rental or other commercial property. Nearly ten years later, the development that will occur on the site is similar to the fee simple owned residential properties (townhouses and stacked townhouse/condominiums) in the adjacent parcel which exist in the former Tier II. It is recommended that since this boundary property will be comprised of condominiums, which are comparable to the townhouse and stacked townhouse property types immediately to the south, this parcel should also be outside of the Tier I District.

This decision to amend the southern boundary of the Tier I Tax District clarifies assumptions that were made in 2010 regarding future development and utilizes the existing street network to establish clear Tier I Tax District boundaries. It is not intended to set a precedent related to the taxation of future development decisions within Tax Tier I. Future condominium buildings constructed within the Tier I boundaries would be subject to the Tier I tax.

FISCAL IMPACT: There is no significant fiscal impact from this action. It clarifies the established boundaries of the Tier I Potomac Yard Special Services Tax District. It should be noted that in its current form, the northern section of parcel 506 generates \$24,000 of revenue from the \$0.20 Tax Tier I special assessment. Based on the development decision associated with parcel 506, if the approved 138 condominiums remained in Tax Tier I, based on an average assessed value of condominiums in the City as of January 1, 2019, (approximately \$329,000), Tax Tier I revenue of \$91,000 would be generated.

ATTACHMENTS:

1. Ordinance Cover
2. Ordinance to Modify Section 3-2-189
3. Exhibit A - Public Hearing notification depicting the Boundaries of Tier I Potomac Yard Metrorail Rail Special Services District
4. Parcel Map

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