RFK REVIEW: UPDATE

Analysis of the Chairman's Changes

July 25, 2025

UPDATED ANALYSIS: CHAIRMAN'S DEAL

Purpose

On July 24th, 2025, Chairman Mendelson announced that he had reached a handshake agreement with the Commanders improving the terms of the deal for the District in exchange for a promise of a Council vote on August 1st.

This supplement to the memo from July 23, 2025 reviews those changes, many of which were addressed as critical gaps in the original memo, and recommends both ways to ensure those commitments are fully realized in the legislative text, and gaps that are still unaddressed.

New Context

Additionally, since the July 23rd memo, two new studies have been released to the public that provide essential context to this agreement.

TAFA

The District CFO's Tax Abatement Financial Analysis report analyzed the value of all the tax subsidies in originally proposed deal, finding that they add up to a total value of $1.48 billion over the 30 year life of the lease which comes in addition to the $856 million in construction subsidy and even larger 90 year rent subsidy on the mixed use parcels. Importantly, the study found that **these abatements were NOT necessary for the team** to operate a successful business in the District, simply that they are "customary" as economic incentives to lure teams to relocate, or keep them from leaving. However, the CFO is "unable to determine the amount of tax exemption necessary to prevent the Team from exploring a relocation agreement elsewhere."

CBO

Also released on the 24th, the Council Budget Office's analysis weighed the economic and fiscal impact of building a stadium at the site (under the conditions of the original deal) against developing the whole site with mixed-use. This is a far more economically sound analysis than reports such as the one provided by the Commanders and NFL-friendly Convention, Sports and Leisure (CSL) analysts which report impacts they attribute to the stadium, but fail to contrast to the opportunity costs of alternate development.

The CBO's report had a clear finding: a stadium will fail to payback the subsidies provided by large margins, and cost the District a significant amount of revenue in the long run. The hit is two-fold:

- The report finds the stadium itself will only generate tax revenues of $1.3 billion dollars in tax revenue over 30 years. Under the Mayor's proposal 100% of that revenue would be redirected back to the team, meaning the District would **fail to recoup the entirety of its $856 million** stadium+parking construction subsidy.
  - Under the Chairman's proposal, adding a parking tax and redirecting that, concessions taxes, merchandise taxes, and non-stadium event parking revenue, CBO estimates the District will see $677 million into the general fund over 30 years, meaning **DC still loses money on the stadium**, but *only* $189 million.
- The stadium plan causes the District to miss out on significant revenues from the mixed-use development. The stadium plan **eliminates over 5,000 units of housing (1,500 affordable)** relative to building a mixed-use development on the site. CBO projects that under the stadium plan, the mixed-use development would generate $2.4 billion in tax revenue annually by 2060. But without a stadium, the larger mixed-use development would generate $3.4 billion, meaning the stadium would **cost the District another $1 billion PER YEAR** while also denying 5,000 units of desperately needed housing.

  - That is *despite* the analysis accounting for the stadium scenario accelerating mixed-use development by 6 years, and completing by the team's likely unrealistic 2036 deadline. Any delays beyond that would add further to the relative cost.
  - The study notes that this gap is mostly because of the amount of mixed-use development that the stadium's large parking garages will crowd out.

Together, these two reports paint a clear picture. **There is no relative financial benefit to the District to this deal, even in the best case scenario.** The only return the District will receive on its billions of dollars is the right to say that the Washington Commanders are physically located within the city limits. Particularly considering the political environment in which the team has made clear their preference to be in the District and currently have no viable paths in Maryland or Virginia, the Council should weigh very carefully how much they believe that title-alone is truly worth, and rightsize the deal to match.

Changes So Far

Per the Chairman's announcement and press conference, the following changes have already been negotiated. Below each section are recommendations for ensuring those commitments are met in execution of the deal, and further gaps to be filled.

Revenue sharing

The primary improvements have been restoring District tax revenues the Mayor was planning to divert to the team's capital fund to the District's general fund and a split of parking revenue. CBO estimates in total this is an effective recovery of $677 million.

Execution Recommendations

- Confirm parking revenue distribution around "stadium events" vs "non-stadium events" only counts ticketed events over a specifically specified size. The team has been promising to activate the stadium for 100+ small events throughout the year, but should not be able to claim all parking revenue from those days as they will generate an insignificant amount of parking use.
- Explicitly confirm the time parameters of event days – at the least the team should not get to claim the revenue from a full second day if an event passes midnight. At best the team should only receive revenue from parking entrances in the hours before events.
- Explicitly confirm the split when non-stadium events are happening the same day as stadium events, in particular at the Multi-Sports complex

Outstanding Gaps

- Providing a tax break on Personal Seat License (PSL) sales is a large outlier among comparable deals and a major source of revenue to be gained still. CBO estimates this at $62 million
  - PSLs will be disproportionately purchased by non-District residents (including companies), and the most-expensive licenses will be purchased by highly wealthy individuals, making this fundamentally a progressive tax. This is an excellent way to raise revenues for the District without taxing most District residents, a win-win given the current fiscal environment.
- Driving revenue sharing from parking revenue is a perverse incentive that aligns the District's financial incentives against the District's climate and transportation safety goals, as well as the interest of the neighbors nearby. If the District is successful in developing this site around its fantastic transit access, there should be declining parking volumes in the future. All things equal,

it would be far better for the District to negotiate a similar amount of projected revenue from stadium events (tickets, concessions etc) than from parking.

Transit Funding

The Chairman also announced a plan to fund an RFK Campus Transportation Improvement Fund with excess revenue from the Sports Facilities Fee (previously the Ballpark Fee). This is not a concession from the team, but a repurposing of money the Mayor had proposed to put into a vaguely defined "District Sports Fund." The CBO estimates this to be worth $600 million over 30 years.

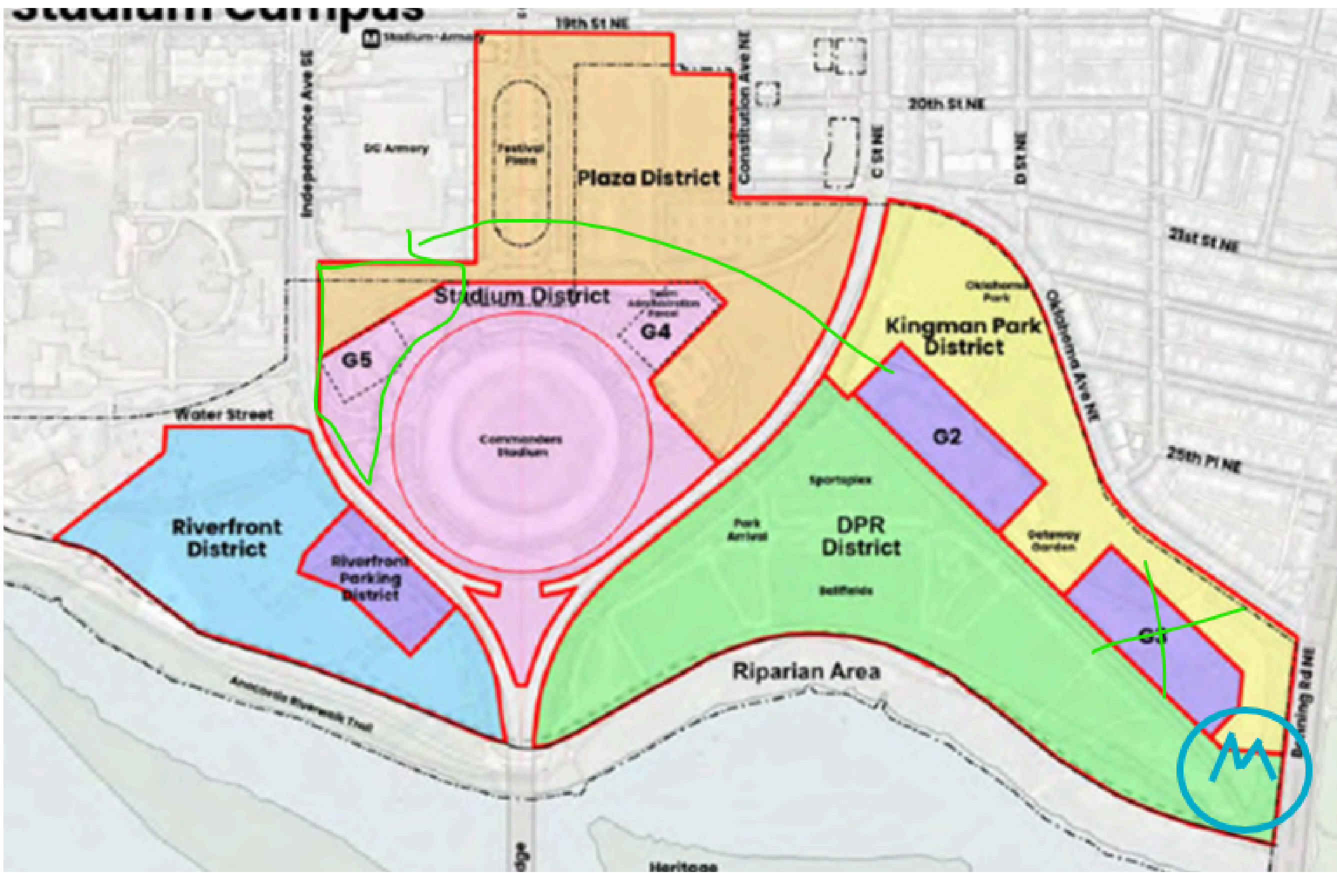
Execution Recommendations

- It is essential that the restrictions on this fund be made very specific such that they drive a very specific goal: to reduce motor vehicle trips to and from the RFK site. As such, the fund should be restricted only to supporting non-car modes of transportation: Metrorail, streetcar, bus, bike, micromobility scooter, walking.
    - This fund should very explicitly not be available to resurface or widen streets, or facilitate car traffic to the site.
    - The fund also needs to define the RFK campus area to mean either transit that directly services the site, or infrastructure within a defined radius around the site.
- The waterfalling of the Sports Facilities Fee needs to be defined. Does the Transportation Fund only start accruing funds after the bonds are completely paid off? Or will revenues from the fee exceed annual bond payments and revenue will begin flowing in year 1
    - This matters immensely because most of the relevant transit costs for the site will be required at the outset of the project, to help prepare for and accommodate stadium sized crowds. See more below

Outstanding Gaps

- Whether in the deal or worked out by the District and WMATA, an infill Metro station needs to come online at the same time as the stadium, not just expansion of Stadium-Armory.
    - Public reports indicate Stadium-Armory's current capacity is around 15,000 per hour (the same as the Navy Yard station).
        i. Anecdotally, Navy Yard's platform feels right on the edge of safe with its crowding level after high-attendance baseball games, and it is not even moving that 15k max capacity in those moments.
    - Some reports are that Stadium Armory's capacity could be increased to over 20,000 per hour with additional escalators and faregates.
        i. But this does not change the critical rate-limiting component of the station platform itself.
    - Even if this is possible, it does not solve for the demand, which will be over 30,000 people in sellout events (more if the team chooses to build more than 65,000 seats which they are reportedly considering).
- The Transportation Fund may not be enough to pay for an infill station let alone other infrastructure and service enhancements. $20 million per year might cover annual payments on ~$250 million of bonds, but an infill station may cost closer to $350 million+. If this is the case, the District will need more additional capital dollars, just to get the Metro, let alone support other transit investments.

- A new Metro station will require some larger reconfiguration of the site plan. While the Metro station will be necessary for stadium crowds, it will only be a worthwhile investment for the city if it facilitates and serves additional mixed-use development. But in the current proposed siteplan, **almost the entirety of the mixed-use will be in the Southern half of the site**, closer to the existing Stadium-Armory station. To maximize the value of the investment in an infill station, greater amounts of mixed-use need to be located in the Northern portion of the site, specifically the Kingman Park District.
    - Unfortunately that is largely not possible under the current plan for two reasons:
        1. The parking garages eat up large amounts of the acreage in that site, particularly the Northernmost garage closest to the potential Metro site
        2. The current site map suggests that almost all of the federally required open space (beyond the DPR District) will be added to the Kingman Park District as well, instead of spread throughout the campus, further limiting mixed-use opportunity at the North End
    - The solution here is very clear, and kills two birds with one stone: **Eliminate at least one parking garage (G3) from the plan.** This will both recover significant capital funds back that the District could deploy instead to transit AND free up land for more valuable tax-generating mixed-use in the DC controlled-parcel.
    - Bonus: **Eliminate or move the other parking garage (G2) to the Stadium/Plaza Districts**.
    - Require open space be distributed evenly throughout the parcels.



Housing Deadline and Clawbacks

The Chairman also announced an agreement to set a deadline (in the 2040s) by which the Commanders will deliver the neighboring mixed-use or face penalty (having rent be charged on the land earlier). This is absolutely the right direction to move in, but the details are essential.

Execution Recommendations

- The 2040s is far too late a deadline. It should be 2036
  - As the CBO report shows, in the stadium scenario, virtually the only benefit the District gets is from the mixed-use development, and only if the team accomplishes it on their accelerated timeline (complete by 2036). 2040 is when the CBO projects the same amount of development will be completed in the NON-stadium scenario. (It expects an additional 6 years for full completion because the total mixed-use acreage will be about twice as large in this scenario). If the appeal of the stadium is that it will accelerate this project (even at the cost of future revenue according to CBO), then the team should have a deadline of hitting that accelerated goal.
- Charging market rate rent is too soft a penalty
  - For one, market rate rent must be defined far more specifically than in the Mayor's term sheet. That language only instructs that "the parties will select" an appraiser with no process if they cannot agree on a mutually satisfactory one. As such this incentivizes the team to insist on a team-friendly appraiser, and refuse to relent. The District should negotiate a District-selected appraiser and/or a formula for rent calculation favorable to the District that kicks in if the parties cannot agree.
  - Even if the District successfully negotiates as such, market rate rent may still not be a sufficient penalty to prompt action, particularly compared to the impact to the District. The CBO calculates the tax value of the mixed-use development at an average of **$140 million per year**. Market rate rent will surely be far less than that, and will be offset by revenue the team is bringing in from the interim parking agreement allowing them to use those parcels for parking while they are undeveloped. Not to mention the stadium driving additional millions more in revenue, they may still choose to simply pay the rent and continue to wait to develop if they believe market conditions are suboptimal.
- Penalties are at risk of being unenforced
  - The nightmare example of Atlantic Yards in Brooklyn looms large, where elected officials set meaningful financial penalties, but when the team missed the deadline, the executive simply declined to enforce them
- **Strong accountability mechanisms withhold subsidies until targets are met, rather than attempt to claw them back**.
  - Some of the best examples are regional, where Arlington County and Virginia structured incentives for Amazon's HQ2 as funds that could be applied for once targets were met (measured by highly enumerated job creation and tax-revenue increase metrics). This proved essential when Amazon pivoted after signing the deal, and Virginia jurisdictions were protected.
  - A better structure would withhold some portion of the subsidy offered to the Commanders until the housing is delivered (consider the parking revenue the city will

collect and/or charging market-rate rent on the mixed-use parcels from the start, but reimbursing upon completion)

Outstanding Gaps

- Much of the misaligned incentives can be avoided simply by severing the mixed-use deal from the stadium deal
    - Unlike a traditional developer, the team will have no downside risk, only upside benefits. Delay will not bring pressure from investors and lenders, nor will it tie up capital they could put to other projects.
- Nothing in the deal guarantees the team will use their below-market rent subsidy on District priorities
    - Language must be included mandating the 30% affordable housing target AND preventing the team from applying for other funds like the HPTF to subsidize it.
    - Language must be included preventing the team from selling the development rights but not passing along the subsidy.
        i. The cautionary tale here is DC United's treatment of Parcel B in the Audi Stadium deal. Granted the lot immediately adjacent to the stadium for $1 per year rent, they sold the rights to Hoffman and Associates, but appear to have simply kept the subsidy as profit, as Hoffman has been unable to find financing to move forward for 6 years.
- The deal must limit the rental subsidy to 30 years, not 90.
    - The Mayor's term sheet provided $1 rent for 28 years, then proposed fair market value rent starting in year 28. But importantly, it also froze that rental amount in year 32, such that the team pays market rate (poorly defined per above) rent for only 5 years of the 90 year lease.
    - Subsidy for 28 years to fund affordable housing makes sense, but an 85 year rent freeze does not.
    - The Council should ensure that after year 28, rent rises at a fair market rate every year.

Maintenance and Capital Funds

The Chairman suggested the new deal would replace the RFK Campus Reinvestment Fund with simply an RFK Maintenance Fund, funded by the ticket tax revenue redirected back to the team. He assured that his understanding was that the team would be responsible for all maintenance, and would not return to the city asking for more money for maintenance or capital improvements.

Execution Recommendations

- Deal language should be explicit that all maintenance is the team's responsibility and the only District funds eligible to pay for it are those in the maintenance fund coming from the ticket tax
- The deal should further be explicit that all capital expenses are the responsibility of the team
    - The deal should either explicitly allow the Maintenance Fund to pay for Capital Expenses or prohibit it and make clear they will come directly out of team revenues.
- The deal should contractually prohibit the team from appealing to the city for additional capital improvement dollars. An understanding or handshake agreement is not sufficient to influence future team personnel's behavior.

Stadium and Infrastructure Construction Costs

The Chairman in his press conference suggested he believed the District would not be on the hook for cost overruns for site prep, which is a welcome change from the clear language of the Mayor's term sheet the other way.

Execution Recommendations

- The deal should include a formal cap on District costs for site prep and language charging the team with any additional infrastructure costs.

Outstanding Gaps

- The District should pare back its stadium contribution further
    - CBO Analysis confirms both that the 500M in stadium construction subsidy is almost entirely for stadium-specific costs, and not for additional infrastructure.
    - CBO Analysis also confirms the stadium is a money-loser, both on its own and when accounting for accelerating development.
    - The District should not subsidize the stadium, but could use a portion (100M?) as a reserve for cost-overruns in infrastructure site prep (Capping the max DC contribution at $302M).