

The District

How D.C. developers made big money on a taxpayer-funded housing project

Developers with political ties to Mayor Muriel E. Bowser stand to collect millions of dollars more than housing experts say is normal for an affordable housing project.

\$7,100,000.00.

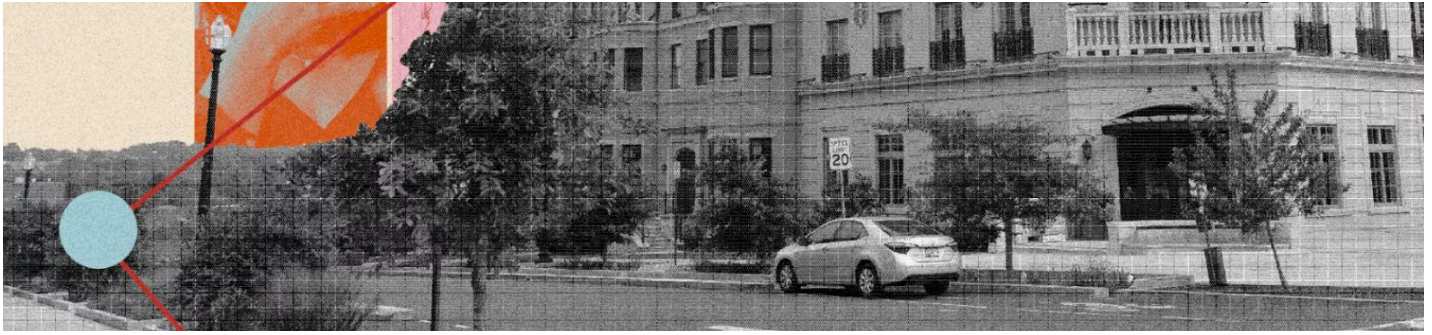
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By: *John Falcichio*
 Name: John Falcichio
 Title: Deputy Mayor for Planning and Economic Development



**Application of Donatelli Development
 Square 1112E, Lots 802, 803, and 804**





By Steve Thompson

November 24, 2025

A short drive from the soon-to-be redeveloped RFK Stadium site in Southeast Washington, a red-brick building known as the Ethel has been lauded by Mayor Muriel E. Bowser (D) as the kind of development needed to solve an affordable housing crisis in one of the most expensive regions in the country.

All 100 one-bedroom units come with social services for the formerly homeless people who live there, mostly rent-free — a response to the intense needs in a city where tent encampments have been common.

But it's not only residents who have benefited.

The building's developers are collecting millions of dollars more than housing finance experts say would normally go to developers for such a project — money flowing from a cascade of government subsidies approved by city officials, a Washington Post investigation found.

- After acquiring the land for the Ethel from the District for a nominal \$10, the developers sold it for \$7.1 million in a complex transaction that still allowed the building to be built there.

- About half of that amount is to be paid to the developers through revenue that largely comes from city rental vouchers meant to benefit the building's tenants.
- The Ethel avoids nearly \$500,000 per year in local property taxes because the developers claimed the company that owns the building is controlled by a nonprofit organization that has no actual control.
- Due in part to the property tax break, the Ethel will generate hundreds of thousands of dollars each year in extra cash, according to the project's forecasts, money that will at first finish paying the developers for the land formerly owned by the city and will then go to them as "incentive management fees" and "preferred returns" totaling more than \$6 million by 2037.

The Post's findings show that, thanks to the near-free land and tens of millions of dollars in other subsidies, the developers stand to collect more than \$13 million in payouts during the building's first 15 years of operation if their projections hold. The payments come on top of an \$8.5 million developer fee, also funded through subsidies, that experts say should alone have compensated them for undertaking the project.

"Bluntly, the taxpayers of D.C. are being screwed by this," said Kirk McClure, a professor emeritus for the public affairs school at the University of Kansas and a former loan underwriter for the Massachusetts Housing Finance Agency. He and two other experts who reviewed the financial records at The Post's request questioned whether the District has adequate guardrails to prevent overpaying developers.

The partnership responsible for developing the Ethel is led by Chris Donatelli, CEO of a Bethesda-based real estate development company, and Bryan "Scottie" Irving, founder of D.C.-based Blue Skye Development. Both men are longtime Bowser campaign supporters, and both have repeatedly been among developers who received free or heavily discounted land from the District in return for promises to build affordable housing.



Bryan "Scottie" Irving, left, and Chris Donatelli, the developers behind the Ethel affordable housing development. (Evy Mages/For The Washington Post)





Irving and Muriel E. Bowser tour the Ethel. Irving is a longtime campaign supporter of the D.C. mayor. (Bill O'Leary/The Washington Post)

Bowser appointed Irving to the board of the D.C. Housing Finance Agency (DCHFA), a local government entity responsible for ensuring that such projects do not receive more funding than they need and that developers are not overcompensated.

Nina Albert, who began as deputy mayor for planning and economic development two years after the Ethel was financed, said that she and her staff put “fresh eyes” on the deal after questions from The Post and that they determined “unequivocally that the developer was not unduly enriched.” She maintained that the project came “at no cost to taxpayers” and “did not include any D.C. money.” Records show the development budget relied on a city loan to be repaid through tens of millions of dollars in revenue from the locally funded rental vouchers, the near-free land and \$27 million in forgone federal tax revenue to provide low-income housing tax credits.

Albert said in a statement that the Ethel is “a crucial lifeline to at-risk families, offering community services and amenities to teach residents life skills, helping them reenter the workforce, or otherwise putting them on a path to long-term growth and stability.”

Donatelli did not respond to requests for comment. His attorney, Paul E. Alpuche, declined to comment. Irving also declined to comment.

After the Ethel was financed, the mayor’s office tapped Donatelli and Irving to develop five more city-owned parcels in Hill East, though a recent court order has called into question whether Donatelli will remain involved. The area is ripe for investment after the D.C. Council approved a \$3.7 billion deal for a new

Washington Commanders stadium complex.

Land for \$10

When Bowser first ran for mayor in 2014, Donatelli and Irving were part of the “Green Team” of civic leaders and donors who backed her. The pair, their families and companies controlled by them combined to contribute about \$25,000 to the campaign. Donatelli celebrated at Bowser’s primary election party, wearing a green “MURIEL FOR MAYOR” T-shirt.

i Tap these icons to see documents and more detailed information.

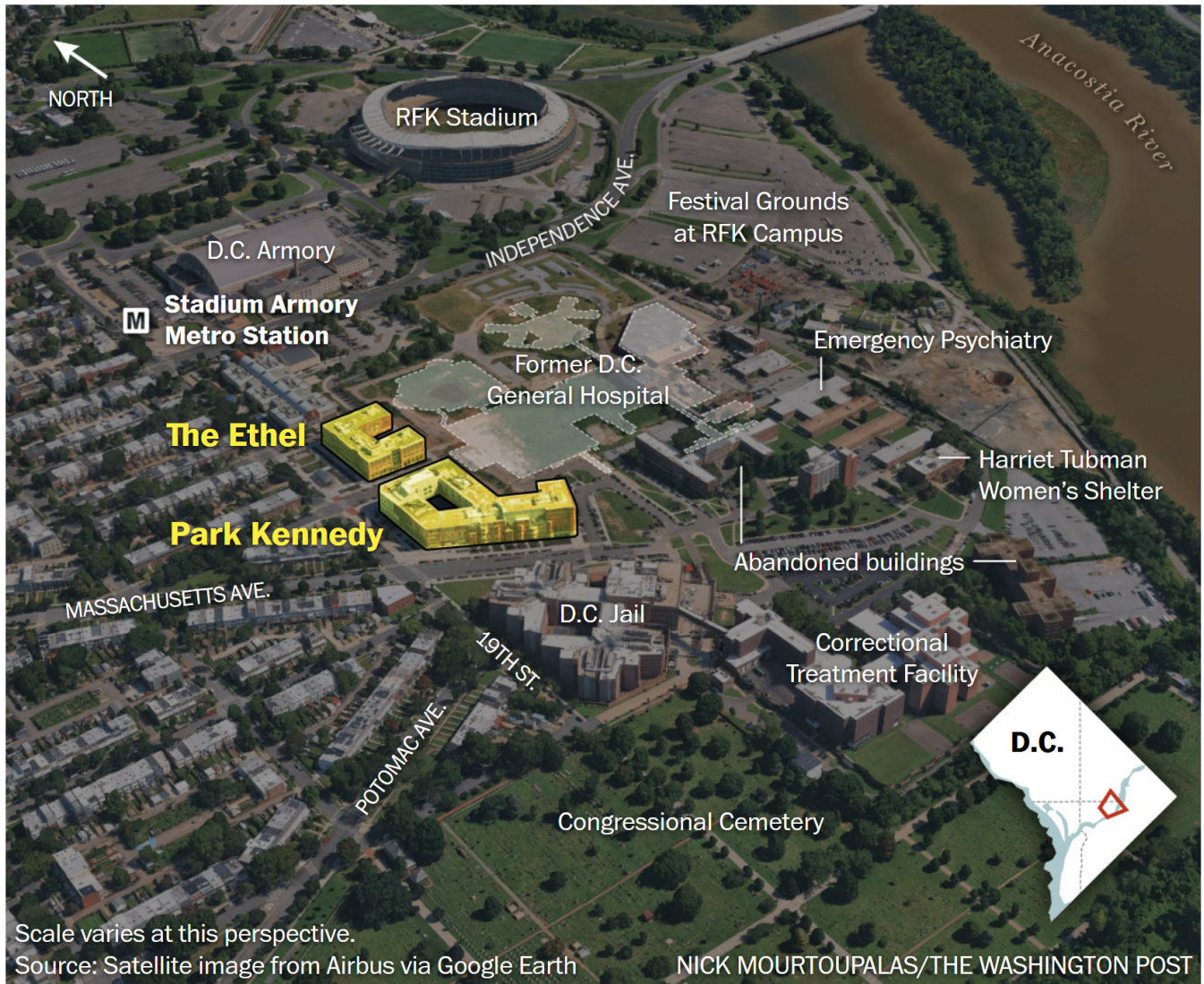
Shortly after taking office in 2015, Bowser signed an agreement, initiated by Mayor Vincent C. Gray’s administration, to hand over for \$10 the city-owned land on which the Ethel would be built to a company formed by Donatelli Development and Irving’s Blue Sky Development. **1**

City officials had long envisioned buildings on the land as a beachhead for further redevelopment in Hill East, an area of modest houses between the Capitol Hill neighborhood and the Anacostia River that has long been home to public facilities, including the now-demolished D.C. General Hospital and the D.C. jail.





The Ethel is in the Hill East neighborhood, which has long been home to public facilities. (Bill O'Leary/The Washington Post)



In exchange for those three acres, the developers promised to produce 354 apartment units in two buildings, 30 percent of which would be rented at reduced prices to low-income tenants.

Local governments routinely subsidize the construction of affordable housing with contributions such as free land, because the obligation to rent units at below-market rates lowers a building's potential revenue, making it harder for developers to finance a project.

Donatelli and Irving received support from city officials for changes that would more than overcome that hurdle.

First, they chose to concentrate most of the affordable units in the Ethel, named for Ethel Kennedy, a longtime advocate for social causes in neglected D.C. neighborhoods. That allowed the Ethel to qualify for the federal Low-Income Housing Tax Credit program.

Then the city added another subsidy to the Ethel, pledging 20 years of locally funded rental vouchers for each of the building's 100 units. The tenants put 30 percent of their income toward rent, but that contribution is from a few hundred dollars to nothing for most, leaving the city to pay the bulk. The District agreed to allow the building to collect \$2,648 per month for each unit — several hundred dollars above the market rate, according to an appraisal report.

The guaranteed rent payments will add up to \$47.7 million to the Ethel in the first 15 years, which helped the building qualify for a \$52.5 million loan from the city. With the loan, the tax credits and the land, the developers had financed the project in full. [2](#)

But the city did not stop there. The District agreed to pay a company, MBI Health Services, to provide 24/7 concierge and security services. The award to MBI for fiscal year 2025 was \$1.2 million. [3](#)

The project had gone from cash-poor — as most affordable housing developments are — to bursting with subsidies.

The land contribution also gave the developers a parcel on which they have built a second apartment building, the Park Kennedy, which carries a far lower affordable housing burden — only 31 of 262 units. The parcel of land, not including the building that sits on it, is assessed on the tax rolls at \$9.8 million.

\$7.1 million sale

The Ethel's financial plan began coming together in early 2021. So did a highly

unusual part of the deal, according to records The Post obtained through Freedom of Information Act requests.

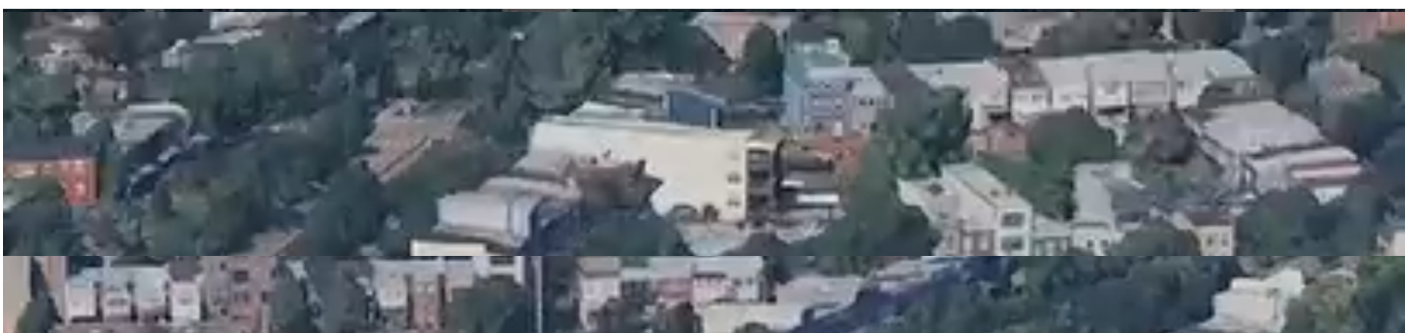
That year, the city agreed to allow the developers to sell the former city land they obtained for \$10 to a Donatelli-managed company set up to own the building. The developers loaned that company \$7.1 million for the purchase, with repayment coming from the building's richly subsidized rent revenue. 4

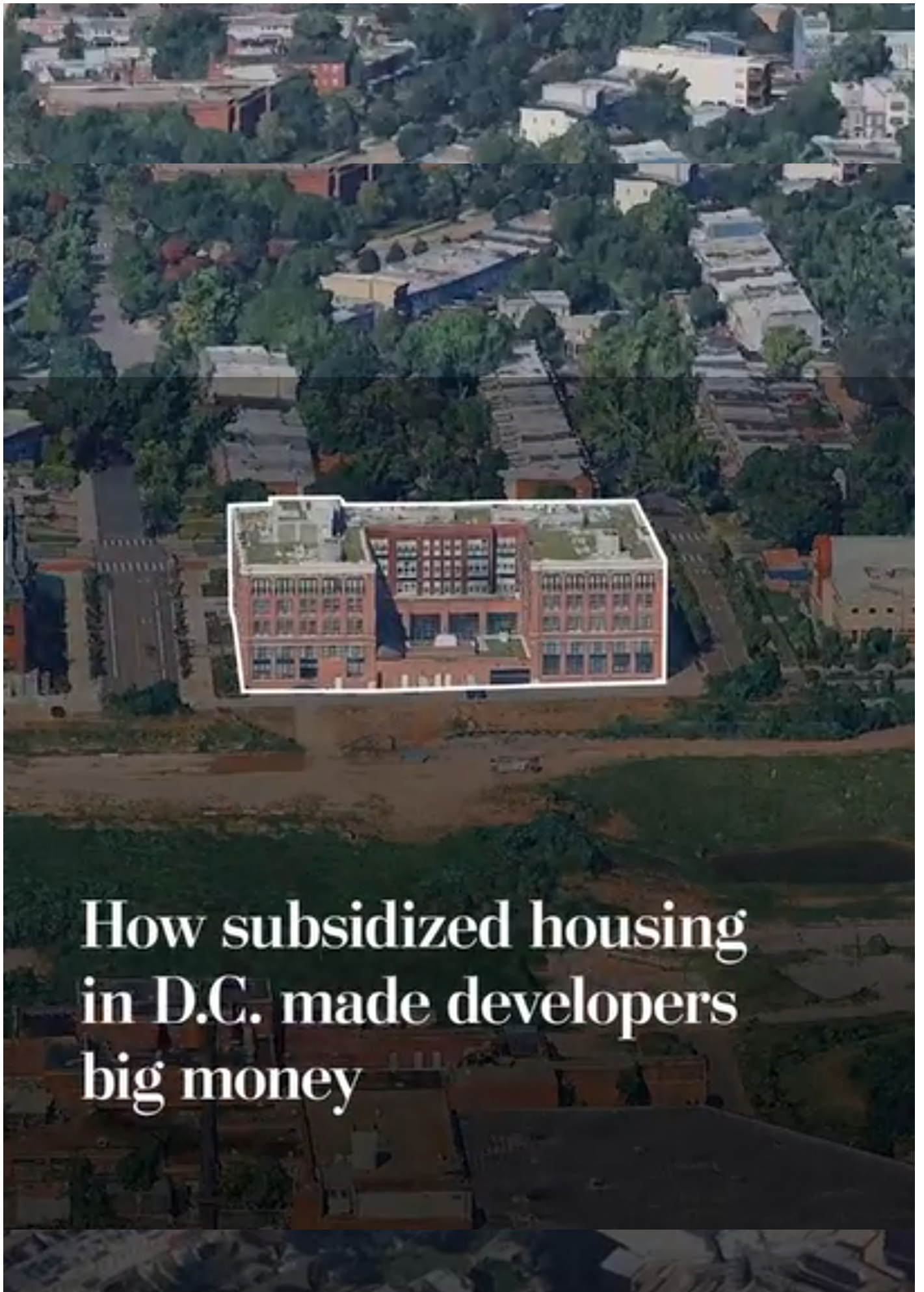
The land sale and accompanying loan were authorized by John Falcicchio, the mayor's then chief of staff and then deputy mayor for planning and economic development. Ben Soto, Bowser's former longtime campaign treasurer, served as trustee for the loan through Premium Title & Escrow, a company he runs that handled the development's financial closing.

Soto said in a phone message that the Ethel's financing appeared ordinary, and that it is common for someone who handles a closing to serve as trustee for a related loan. Falcicchio did not respond to messages seeking comment.

In August 2021, the project's financing went before DCHFA's board. Irving did not attend the meeting. The other members signed off unanimously.

A sale of such land as part of a complex transaction involving federal tax credits is not in itself unusual, the three experts who reviewed the deal told The Post. But a setup under which payments for land essentially gifted by the government go to for-profit developers — on top of a large developer fee — is unheard of, the experts said. A Post review of dozens of tax-credit projects in the District found no other similar case. What's more common is a local government being repaid for donated land if a project does well financially.





**How subsidized housing
in D.C. made developers
big money**



1:51

Developers with political ties to D.C.'s mayor are collecting millions more than housing finance experts say is normal for an affordable housing project. (Steve Thompson, Joy Sung and Daron Taylor/The Washington Post)

Michael Diamond, a Georgetown University law professor who focuses on housing and economic development, said there's a key unanswered question in the transaction: What did the developers do to earn the \$7.1 million in payments?

"If the answer is nothing, then you have a siphoning situation," he said, meaning an inappropriate benefit.

The mayor's office offered several explanations for the land transaction. It said the arrangement allowed the project to qualify for a larger mortgage, reduced tax liabilities and rewarded the developers for readying the land for development. The experts who reviewed the deal at The Post's request said none of those explanations resolved their questions.

Albert, the deputy mayor for economic development, said in an interview that the developers increased the land's value, which was tax-assessed at \$3.2 million in 2017. "So the city should not expect to get compensation of \$7 million when it's the developer that spent the money to entitle and increase the value of the land," she said. 5

But Albert acknowledged that the project budget reimbursed the developers for their expenses during the pre-construction phase.

McClure, the University of Kansas professor, said the developer fee alone should have compensated for the risk of fronting those expenses. "If the land rose in value, then God bless the taxpayers of the District of Columbia — they should have enjoyed that increase in value," he said. "That [the developer] puts some money up front, that's why he gets \$8 million in developers fees. We expect him

to have to put millions of dollars into this deal.”

Albert also said there was “no cash transaction that the developer received” as a result of the sale. The Ethel’s financial statements show that by the end of last year, the developers had already received more than \$4 million of repayment for the land debt from the company that owns the building, money that came from the development budget and rent revenue. [6](#)

The financial boon to the developers is projected to go further. According to the developers’ forecasts, the Ethel will generate about \$400,000 to more than double that in extra cash during each of its first 15 years of operation. [7](#)

These sums will largely go toward paying the developers for the remaining land debt and then toward paying them “incentive management fees” and “preferred returns,” which are projected to total more than \$6 million by 2037, according to a Post analysis of the financial forecasts that the developers shared with city officials. [8](#)

The extra cash forecast to come from the Ethel is far higher than would be allowed by the U.S. Department of Housing and Urban Development had the rental vouchers come from that agency. But the city said it is not bound by those rules because the vouchers are locally funded. [9](#)





John Falcicchio dealt with land sales when he was a top official for the mayor. (Matt McClain/The Washington Post)

A boost in subsidies

Christopher Donald, DCHFA’s executive director, and his staffers worked with Donatelli to iron out the Ethel’s financial details, records show.

Donald signed paperwork that allowed Donatelli to take another step that would amplify payouts to the development partnership, through a 30 percent “boost” in federal low-income housing tax credits available to projects in areas that HUD designates as difficult to develop. [10](#)

Budgets the city relied on ahead of the Ethel’s construction indicated the higher amount was not needed, and federal law specifies that a project cannot collect more tax credits than necessary for its financial feasibility — a determination DCHFA is required to make.

The development was projected to receive \$21 million in tax credits without the boost — which a memo Donald provided his board in August 2021 said was “sufficient” to cover the equity needed for the building’s development. [11](#)

Two weeks later, as the project’s financial closing drew near, a representative of Donatelli sent DCHFA updated budgets that again showed the project fully funded without the higher amount. Still, Donald signed a document supporting the boosted figure, saying it was necessary to ensure “the financial feasibility of the Project.”

After the building opened in 2023, when Donatelli claimed the higher figure, it generated an extra \$5.2 million in cash for the development from PNC Bank, records show, though the project’s cost had barely changed.

The money let the developers collect a \$2.2 million portion of their developer fee that they had previously agreed to defer and several million dollars toward repayment of the \$7.1 million loan for the land, records show. These changes enable incentive management fees and preferred returns to flow to the developers earlier, which in turn allows these payments to accumulate in larger amounts. 12

Donald declined to be interviewed. DCHFA's spokeswoman, Yolanda McCutchen, did not answer questions about why the agency agreed to the higher tax credit figure, saying in an email that it "was allowable in accordance with federal regulations." She said Donald's memo to the board "contained a clerical error," which was corrected in the second document he signed. She did not say why the budgets that Donatelli's representative circulated just ahead of the project's financial closing also indicated the development was fully funded without the tax-credit boost.

The higher amount "requires an explanation," said William Pavão, a former executive director of the California agency that administers federal low-income housing tax credits for that state. "Why are they permitting that?"

Another tax break

The project is also receiving a nearly \$500,000 annual local property tax break that is available to any federal tax credit development "controlled directly or indirectly" by a nonprofit. Paperwork filed with the city asserts that the Ethel is controlled by a nonprofit, the East River Family Strengthening Collaborative (ERFSC), which provides social services in the area. 13

As the project's financing came together, ERFSC's then-executive director, Mae Best, signed a request for the property tax exemption for the Ethel, saying it was indirectly controlled by the nonprofit. The D.C. Department of Housing and Community Development (DHCD) then certified that the project qualified.

But records show ERFSC's role as so narrow as to be almost symbolic. The

nonprofit's responsibilities include "community outreach" and serving as the "owner's liaison" to building tenants, while decision-making authority clearly remains in the hands of the developers, according to the operating agreement between the developers and ERFSC obtained by The Post. 14

Diamond, the Georgetown law professor, said the agreement gives "absolutely no control, none" to ERFSC. The nonprofit "has at best an input, collaborative kind of role, not a controlling role," he said.

Best told The Post that her organization was "just one of the community partners" in the development. "We are not the developer," she said, referring questions to Donatelli.

When asked in September 2024 to more fully describe ERFSC's role, Best declined to comment, citing advice from ERFSC's lawyer. She retired at the end of that month. ERFSC's CEO, Rahman Branch, did not respond to requests for comment.

No officials with ERFSC spoke or were recognized at the Ethel's 2023 ribbon cutting. 15

DHCD spokesman Timothy Wilson said the tax relief certification was valid, without addressing the nonprofit's lack of control.

The nearly \$500,000 annual tax break results in further projected extra cash, enabling more money to go to the developers faster.

The Ethel cost nearly \$800,000 per one-bedroom unit to develop, records show, making it the most expensive project on a per-unit basis that DCHFA had financed by 2021, when the deal closed.

Next door, the same developers built the Park Kennedy, for mostly market-rate tenants, for about \$360,000 per unit, records show.





The Ethel is named for Ethel Kennedy, who advocated for social causes in neglected D.C. neighborhoods. (Bill O'Leary/The Washington Post)

Albert defended the Ethel's high cost, citing large unit sizes, anti-vandalism features, amenities such as a gym and higher financing fees. 16

City officials have long viewed the Ethel and Park Kennedy as catalysts for upcoming development along the Anacostia waterfront, an area newly energized by the planned Commanders stadium.

Last year, Donatelli and Irving's proposal for two more buildings on city land there won zoning approval. In September, a court overseeing Donatelli's divorce found he had not paid what he owes under a postnuptial agreement. The court gave his ex-wife some authority over the company he and Irving set up for the next phase of development, so that she can arrange for the sale of his 50 percent stake in it.

Longtime Bowser critic Bill Slover, a former D.C. Housing Authority board member who believes the mayor's development moves have unreasonably

benefited developers, called the Ethel an “egregious giveaway under the guise of affordable housing.” When the project was up for review, he declined to vote on the city’s plan to allocate rental vouchers for use by the Ethel.

When the voucher question reached the D.C. Council in late 2019, Elissa Silverman, an at-large member at the time, joined the unanimous vote but only after rebuking the mayor’s office, which she said had not been forthcoming about the building’s subsidies.

The worthiness of the project, a visibly incensed Silverman, an independent, said on the dais before the vote, “doesn’t mean that we shouldn’t have the ability to question the subsidy to developers.”

“Both the mayor and her selected group of developers think that once you wave the magic wand of affordable housing, the debate’s over,” Silverman told The Post. “That’s sort of how the council deals with it, too. It’s like, ‘Oh, it’s affordable. We shouldn’t question it.’”

🗨️ **215 Comments**



[Steve Thompson](#)

Steve Thompson writes about government and politics in Maryland, D.C. and Virginia. Before joining The Washington Post in 2018, he was an investigative reporter for the Dallas Morning News. He started in journalism as a police reporter at the St. Petersburg Times. ✉️ @stevesthompson

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