

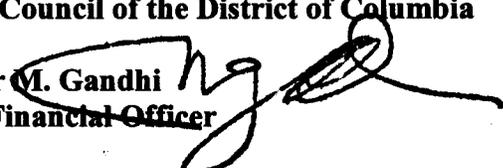
Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: MAY 30 2007

SUBJECT: Fiscal Impact Statement: "Historic Preservation Tax Credit Partnership and Limited Liability Company Clarification Amendment Act of 2007"

REFERENCE: Bill Number 17-182, Draft Committee Print, May 30, 2007

Conclusion

Funds are sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed legislation.

Background

The proposed legislation would amend D.C. Official Code § 42-3404.02(c)(2)(H) to exempt a transfer of interests for the purpose of utilizing historic preservation tax credits to renovate or improve property located at 733 15th Street, NW ("Property").¹ Under current District law, before an owner of a housing accommodation sells the accommodation, the tenant must be provided an opportunity to purchase the accommodation under conditions of a bona fide offer of sale.

To trigger the "opportunity to purchase" requirement, the transfer of interests in the property must be considered a "sell" or "sale" transaction. Among the current exemptions to this provision of D.C. law, a transfer of interests in a partnership or limited liability company is not considered a "sale" or "sell" transaction if the only purpose of the transfer is to admit a new partner who will provide funding and will receive Federal low-income housing tax credits (Section 42 of the Internal Revenue Code of 1986). It

¹ This property (Square 222, Lot 22) is commonly known as "The Woodward Building."

does not provide an exemption for the purpose of utilizing historic preservation tax credits.

The proposed legislation would exempt the transfer of interests made by 15th and H Street Associates, LLP in the project to improve or renovate the Property from triggering "opportunity to purchase" provisions, provided that:

- The Property is not occupied by residential tenants at the start of the renovation and improvement project;
- The transfer of interests is for the purpose of utilizing Federal rehabilitation tax credits;² and
- There is a transfer of interests back to 15th and H Street Associates, LLP within 120 months of the start of the renovation project on the Property.

Financial Plan Impact

Funds are sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed legislation. It is not anticipated that this legislation will result in a fiscal impact.

² Title 26, Subtitle A, Chapter 1, Subchapter A, Part IV, Subpart E, § 47 of the Internal Revenue Code of 1986.