

**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
Chairman, Council of the District of Columbia**

**FROM: Natwar M. Gandhi
Chief Financial Officer**

DATE: June 23, 2010

**SUBJECT: Fiscal Impact Statement – “800 Kenilworth Avenue Northeast
Redevelopment Project Real Property Limited Tax Abatement
Assistance Act of 2010”**

**REFERENCE: Bill Number 18-828 – Revised bill as shared with the OCFO on June
19, 2010**

Conclusion

Funds are not sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation would reduce real property tax collection by approximately \$134,000 in FY 2011 and \$585,000 over the FY 2011 through FY 2014 budget and financial plan.

Background

The proposed legislation would amend the D.C. Official Code to provide a 10-year real property tax exemption for Lot 8, Square 5058, located at 800 Kenilworth Avenue, NE. The property is classified as residential property and is currently taxed at the Class 1 property tax rate of 85 cents per \$100 of assessed value.

The property contains a multi-unit residential apartment complex that was completed in 2006. The building contains 173 rental units affordable to households with incomes at or below 60 percent of the Area Median Income. The property and the building, to date, have not received any District subsidy.

Financial Plan Impact

Funds are not sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation would reduce real property tax collection by \$133,800 in FY 2011 and \$585,324 over the FY 2011 through FY 2014 budget and financial plan. The legislation shall become applicable upon the inclusion of its fiscal effect in an approved budget and financial plan.

Estimated Negative Fiscal Impact of Bill 18-828: FY 2011 – FY 2014					
	FY 2011	FY 2012	FY 2013	FY 2014	Four Year Total
Assessed Value^a	\$15,741,200	\$16,685,672	\$17,686,812	\$18,748,021	\$68,861,705
Tax Liability	\$133,800	\$141,828	\$150,338	\$159,358	\$585,324
Revenue Reduction	\$133,800	\$141,828	\$150,338	\$159,358	\$585,324

^a FY 2011 assessed value provided by the Office of Tax and Revenue; the assessed values for FY 2012 through FY 2014 are based on projections for property tax values.

Additionally, because the real property tax exemption would be in effect for ten years, the proposed legislation would continue to have a fiscal impact beyond the financial plan period. For example, between FY 2015 and FY 2020, the proposed legislation is estimated to reduce property tax collections by an additional \$1,025,356, bringing the total reduction in revenues to \$1,610,680 over the 10-year period.

Estimated Negative Fiscal Impact: FY 2015 – FY 2020	
FY 2015	\$162,545
FY 2016	\$165,796
FY 2017	\$169,112
FY 2018	\$172,494
FY 2019	\$175,944
FY 2020	\$179,463
Total	\$1,025,356