MEMORANDUM

TO: The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

FROM: Fitzroy Lee  
Acting Chief Financial Officer

DATE: March 31, 2022

SUBJECT: Fiscal Impact Statement – SOME, Inc., and Affiliates Conway Center Tax Exemption and Equitable Tax Relief Amendment Act of 2022

REFERENCE: Bill 24-453, Committee Print as provided to the Office of Revenue Analysis on March 22, 2022

Conclusion

Funds are not sufficient in the fiscal year 2022 and proposed fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost $1.65 million in fiscal year 2022 and $2.76 million over the fiscal year 2022 through fiscal year 2026 budget and financial plan.

Background

The bill provides retroactive forgiveness and prospective exemptions for real property, deed recordation and transfer taxes for non-exempt portions of the Conway Center development project located at 4414-4430 Benning Road, N.E., in Ward 7. The retroactive forgiveness of real property taxes is effective November 1, 2015 and the retroactive forgiveness of recordation and transfer tax is effective October 2015. The development is a mixed-use project that includes affordable housing, a health center, and space for other activities including employment training. While residential parts of the development are already certified as tax-exempt, the bill exempts remaining portions that are not eligible for administrative exemption. The exemption is in effect so long as the exempted property continues to be controlled, directly or indirectly by Affordable Housing Opportunities, Inc., or SOME, Inc.

Financial Plan Impact

1 The bill exempts lots 2003, 2004, and 2005 in Square 5139. Since the bill provides retroactive forgiveness, it also includes predecessor lot numbers 7000, 7001, 7003, 7004, 7005, 7007, 7010, 7012, 808 and 809 in Square 5139 for the same property.
Funds are not sufficient in the fiscal year 2022 and proposed fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost $1.65 million in fiscal year 2022 and $2.76 million over the fiscal year 2022 through fiscal year 2026 budget and financial plan. This includes the cost of forgiven taxes as well as reduced future revenues from the exemption.

### SOME, Inc., and Affiliates Conway Center Tax Exemption and Equitable Tax Relief Amendment Act of 2021

<table>
<thead>
<tr>
<th></th>
<th>FY 2022(^{(a)})</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Real Property Tax</td>
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<tr>
<td>Total</td>
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<td>$274</td>
<td>$283</td>
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<td>$2,765</td>
</tr>
</tbody>
</table>

Table Notes:

(a) Includes penalties and interest on prior year tax liabilities.