

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi [signature]  
Chief Financial Officer

**DATE:** July 12, 2004

**SUBJECT:** Fiscal Impact Statement: "Low-Income Housing Tax Credit  
Non-Reverting Fund Emergency Act of 2004"

**REFERENCE:** Draft Legislation to be Introduced - No Bill Number Available

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**Conclusion**

The proposed legislation will have no impact on the District's FY 2005 through FY 2008 budget and financial plan because expenditures from the proposed fund may not exceed revenues collected and deposited in the fund. Funds deposited into the proposed revolving fund will be classified as dedicated "O" type special purpose revenue and will need to be appropriated for expenditure.

**Background**

The proposed legislation would establish a non-lapsing, non-reverting proprietary fund for the purpose of receiving fees collected from developers participating in the federal Low Income Housing Tax Credit (LIHTC) program in the District. Fees collected under this program would be deposited in the proposed fund and would be used solely to meet the mandatory federal compliance and monitoring requirements specified in Section 42 of the Internal Revenue Code governing this program.

**Financial Plan Impact**

The proposed legislation will have no impact on the District's FY 2005 through FY 2008 budget and financial plan because expenditures from the proposed fund may not exceed the fees deposited in the fund. The fund will operate as part of an enterprise that will

collect application, reservation, and allocation fees.<sup>1</sup> The table in Figure 1 estimates the amount of money this fund could achieve in FY 2005. The Department of Housing and Community Development (DHCD) will retain all of the application fees. However, DHCD retains only 1 percent of the reservation fee collections and 2 percent of the allocation fee collections. The remainder of the latter two fees is deposited into the District's local General Fund.

*Figure 1.*

<b>Revenue Impact to the Financial Plan</b>					
(\$ in 000s)					
<b>Fee</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 - Year Total</b>
Application	\$2.1	\$3.2	\$2.9	\$2.3	<b>\$10.5</b>
Reservation	20.3	20.3	20.4	20.5	<b>81.5</b>
Allocation	406.0	406.0	408.0	410.0	<b>1,630.0</b>
<b>Net Annual Impact</b>	<b>\$428.4</b>	<b>\$429.5</b>	<b>\$431.3</b>	<b>\$432.8</b>	<b>\$1,722.0</b>

Funds deposited into the proposed revolving fund will be classified "O" type special purpose revenue and will need to be appropriated for expenditure.

<sup>1</sup> Monitoring fees will be established via Mayoral regulation and collections will begin at the beginning of FY 2005.