

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/Non-Lapsing Proprietary Regulatory
Amendment Emergency Approval Resolution of 2004”

REFERENCE: Draft Resolution to be Introduced - No Number Available

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 Low-Income Housing tax Credit Non-Reverting Fund may not exceed revenues collected and deposited in the fund. New monitoring fees deposited into the proposed fund will be classified as dedicated “O” type special purpose revenue and will need to be appropriated for expenditure.

Background

The proposed resolution would approve regulations that include the establishment of a new monitoring fee that will be collected from developers participating in the federal Low-Income Housing Tax Credit (LIHTC) program in the District. A \$35 per unit fee collected under this program would be deposited in a fund proposed in a separate action¹ 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

¹ The Low-Income Housing Tax Credit Non-Reverting Fund Emergency Act of 2004.

The proposed resolution will have no impact on the District's FY 2005 through FY 2008 budget and financial plan because expenditures from the proposed Low-Income Housing Tax Credit Fund may not exceed the fees deposited in the fund. The fund will operate as part of an enterprise that will collect monitoring fees. The table in Figure 1 estimates the amount of money this fund could achieve in FY 2005 from the proposed new monitoring fee. The Department of Housing and Community Development (DHCD) will retain all of the fees.

Figure 1.

Revenue Impact to the Financial Plan				
(\$ in 000s)				
FY 2005	FY 2006	FY 2007	FY 2008	4 - Year Total
\$397.9	\$415.5	\$432.9	\$450.5	\$1,696.8

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