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

Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO:	**The Honorable Phil Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Natwar M. Gandhi** **Chief Financial Officer**
DATE:	**March 19, 2013**
SUBJECT:	**Fiscal Impact Statement – "Jubilee Housing Residential Rental Project Property Tax Relief Act of 2013"**
REFERENCE:	**Bill 20-54, as Introduced**

Conclusion

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill. The bill will reduce real property tax collections by $119,669 in FY 2013 and $480,479 over the four year budget and financial plan.

Background

The bill will exempt Lots 62, 65, and 809 in Square 2576 and Lot 818 in Square 2566[1] from real property taxes as of October 1, 2012, so long as the properties are owned by Jubilee Housing Inc. or Jubilee Housing Limited Partnership, and continue to be subject to the federal low-income housing tax credit (LIHTC) compliance period. These properties were rehabilitated using LIHTC and Department of Housing and Community Development loans, as well as other sources.

To take advantage of LIHTC, Jubilee, Inc. (a non-profit entity) created a for-profit entity, Jubilee Housing, LP, and transferred these properties to the for-profit entity in 2005. Since October 1, 2012, when the Nonprofit Affordable Housing Development Tax Relief Act of 2012[2] became effective, LIHTC properties are not subject to real property taxes. However, Jubilee, Inc.'s transfer and

[1] The introduced version of the legislation incorrectly identifies Lot 818 in Square 2566 as Lot 818 in Square 2536. ORA expects this to be corrected at mark-up.
[2] Enacted as part of the Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; 59 DCR 8025).

rehabilitation was completed prior to October 1, 2012, and therefore the project does not qualify for a real property tax exemption.[3]

Financial Plan Impact

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill. The bill will reduce real property tax collections by $119,669 in FY 2013 and $480,479 over the four year budget and financial plan. The estimate cost is detail in the table below.

Estimated Fiscal Impact of Bill 20-54, Jubilee Housing Residential Rental Project Property Tax Relief Act of 2013, FY 2013 - FY 2016					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four Year Total**
Vale of Tax Abatement	$119,669	$117,506	$120,091	$123,213	$480,479
Estimated Fiscal Impact	**$119,669**	**$117,506**	**$120,091**	**$123,213**	**$480,479**

Additionally because the real property exemption is for an indefinite period of time, it will continue to have a cost outside of the four-year financial plan. The bill is estimated to reduce real property tax collections by an additional $1,422,811 between FY 2017 and FY 2026.

Estimated Revenue Reduction, FY 2017 – FY 2026	
Fiscal Year	**Estimated Annual Abatement**
2017	$126,417
2018	$129,704
2019	$133,076
2020	$136,536
2021	$140,086
2022	$143,728
2023	$147,465
2024	$151,299
2025	$155,233
2026	$159,269
Total	**$1,422,811**

[3] Enacted as part of the Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; 59 DCR 8025).