


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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

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

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: July 24, 2020

SUBJECT: Fiscal Impact Statement – Low Income Housing Tax Credit TOPA
Exemption for Transfers of Interest Amendment Act of 2020 (including
emergency and temporary versions of the bill)

REFERENCE: Bill 23-74, Committee Print, Temporary Bill, and Emergency Bill,
provided to the Office of Revenue Analysis on July 22, 2020

Conclusion

Funds are sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the legislation.

Background

The legislation exempts¹ from the Tenant Opportunity to Purchase Act² (TOPA) certain low-income housing tax credit (LIHTC)³ redevelopment projects. It also clarifies that TOPA Notices of Transfer must include changes in management, current rents, or affordability requirements that result from the transfer.

To be exempt from TOPA, a title transfer or transfer of interest for a LIHTC property (or a property with a comparably restrictive covenant as a result of a federal or District program), must fall within one of the following categories:

¹ By amending Section 402(c)(2) of the Tenant Opportunity to Purchase Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3404.02(c)(2)).

² The Tenant Opportunity to Purchase Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3404 et. seq.)

³ Authorized by Section 42 of the United States Internal Revenue Code of 1986, approved October 22, 1986 (100 Stat. 2189; 26 U.S.C. § 42).

The Honorable Phil Mendelson

FIS: "Low Income Housing Tax Credit TOPA Exemption for Transfers of Interest Amendment Act of 2020", Bill 23-74, Committee Print, Temporary Bill, and Emergency Bill, provided to the Office of Revenue Analysis on July 22, 2020.

- 1) The LIHTC credit period has ended, the controlling ownership (direct or indirect) in the property will not change, and the restrictions on the property will last at least another 10 years and be as restrictive as LIHTC requirements;
- 2) The sole purpose of the transfer is to allow for the exit of one or more limited partners or investor members who have made capital contributions and received tax benefits through LIHTC or a similar District or federal program; or
- 3) The sole purpose of the transfer is to qualify for and enter into a new LIHTC credit period in order to rehabilitate the housing accommodation, as long as the controlling ownership (direct or indirect) does not change before and after the transfer.

Financial Plan Impact

Funds are sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the legislation. The legislation could create additional work for the Department of Housing and Community Development (DHCD), such as educating the public on the new law and handling disputes related to it, but DHCD staff can handle the work without additional resources.