

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



**Glen Lee**  
Chief Financial Officer

**MEMORANDUM**


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

**FROM:** Glen Lee  
Chief Financial Officer

**DATE:** October 21, 2022

**SUBJECT:** Fiscal Impact Statement – Limited Equity Cooperative Advisory Council Act of 2022

**REFERENCE:** Bill 24-430, Committee Print as provided to the Office of Revenue Analysis on October 18, 2022



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**Conclusion**

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost \$113,000 in fiscal year 2023 and \$465,000 over the financial plan.

**Background**

The bill establishes an advisory council on limited-equity cooperatives (LECs). LECs are multifamily residential buildings organized as cooperatives that are required to limit resale prices so that units can be kept affordable to incoming members of low and moderate incomes<sup>1</sup>. The purpose of the advisory council is to provide the Council with comprehensive policy recommendations on how the District can assist in the formation of new LECs and help existing LECs succeed.

Advisory council members must be people with experience with LECs in one of the following capacities:

- As resident board members (up to six advisory council members);
- Representing a community-based organization with experience in the formation of LECs;
- Representing a community-based organization with experience in providing technical assistance to sustain LECs;
- Representing a property management company;

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<sup>1</sup> D.C. Official Code § 42-2061.

- Representing a development company;
- Representing a financial entity;
- As an attorney; and
- As a researcher.

One additional member shall be appointed by the Council committee chair responsible for housing issues, and the Department of Housing and Community Development (DHCD) and the District of Columbia Housing Finance Agency shall each appoint a representative. Members shall serve without compensation.

The advisory council is required to meet six times per year, and DHCD is required to provide it with administrative support. Each year, the advisory council shall submit a preliminary report and a comprehensive report with its recommendations on preserving, strengthening, and increasing the number of LECs, including addressing funding support and government oversight.

### **Financial Plan Impact**

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost \$113,000 in fiscal year 2023 and \$465,000 over the financial plan.

DHCD will need to hire one Special Assistant to provide support to the advisory council, including drafting and publishing its required preliminary and annual reports.

<b>Limited Equity Cooperative Advisory Council Act of 2022</b>					
<b>Total Cost</b>					
	FY2023	FY2024	FY2025	FY2026	Total
Special Assistant <sup>a</sup>	\$110,000	\$112,000	\$114,000	\$117,000	\$453,000
Supplies, Materials	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Total	\$113,000	\$115,000	\$117,000	\$120,000	\$465,000

#### Table Notes

- a) Grade 12/Step 5. Includes 21.5 percent fringe rate.