

**PUBLIC HEARING ON**

**“THE ELIZABETH MINISTRY, INC. AFFORDABLE  
HOUSING INITIATIVE REAL PROPERTY TAX RELIEF  
ACT OF 2011”**

**Before the  
Committee on Finance and Revenue  
Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**May 31, 10:00 a.m.  
Room 412, John A. Wilson Building**



**Testimony of  
John P. Ross  
Senior Advisor and Director of Economic Development Finance  
Office of the Chief Financial Officer**

**Natwar M. Gandhi  
Chief Financial Officer  
Government of the District of Columbia**

Good morning, Chairman Evans and Members of the Committee on Finance and Revenue. My name is John Ross, Senior Advisor and Director of Economic Development Finance for the Office of the Chief Financial Officer (OCFO). I am pleased to testify for the Office of the Chief Financial Officer on the Elizabeth Ministry, Inc. Affordable Housing Initiative Real Property Tax Relief Act of 2011.

The Elizabeth Ministry, Inc. (Ministry) purchased two adjacent 15-unit residential properties in 2007 to provide a supportive housing environment for young mothers and their children transitioning out of the District's foster care program. The proposed legislation would provide an exemption for the Ministry's real property taxes for these two properties for 40 years.

In 2007, the Ministry purchased the property and applied for a tax exemption which was initially denied due to a lack of progress on construction. Once construction began, the Ministry was granted an as-of-right exemption on the day care center portion of the site; however, the District Code does not provide for an as-of-right exemption for the residential portion of the Property.

The project has been financed, completed, and as of December 2011, all Certificates of Occupancy were received. Accordingly, the bill would fully exempt the Ministry's real property taxes for the first 30 years of ownership, retroactively to FY 2007 and continuing to FY 2036. Then, from FY 2037 to FY 2046, the Ministry would pay an amount that

increases by 10% of the total property tax liability each year. The property would qualify for the exemption provided that its ownership does not change, its use is reserved for teenage mothers in foster care or in the homeless system, and it consists of at least 27 affordable rental apartments and an onsite subsidized child development center.

### **OCFO Tax Abatement Analysis**

The OCFO finds that the tax exemptions included in the proposed legislation are necessary through FY 2021 if the Council would like to continue to support the Ministry in its efforts to create an enhanced and supportive independent living environment for young mothers transitioning out of the foster care system.

Though the legislation would authorize the tax exemption through FY 2046, the property's current first mortgage is scheduled to be fully repaid in FY 2021. After that time, there could be sufficient revenues at the project to pay real property taxes. As such, the OCFO recommends that the necessity for the exemption beyond FY 2021 be reviewed at that time. The total value of the exemption through FY 2046 would be approximately \$1.7 million, if it were granted only through FY 2021 it would be approximately \$500,000.

### **Fiscal Impact**

The cost of this legislation during the financial plan period of FY 2012 through FY 2015 is \$224,000. Funds are not sufficient during this time to implement the bill. The legislation would also continue to have a cost beyond the financial plan period.

Thank you for the opportunity to testify. This concludes my testimony and I am happy to answer any questions you have at this time.