

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

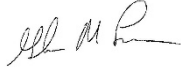


Glen M. Lee
Chief Financial Officer

TAX ABATEMENT FINANCIAL ANALYSIS

TO: The Honorable Muriel Bowser
Mayor, District of Columbia

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

FROM: Glen M. Lee
Chief Financial Officer 

DATE: November 18, 2025

SUBJECT: Tax Abatement Financial Analysis – “4111 Kansas Avenue NW Timeline Extension and Tax Forgiveness Act of 2025”

REFERENCE: B26-0237

Findings

The 4111 Kansas Avenue NW Timeline Extension and Tax Forgiveness Act of 2025 (the “Bill”) would grant 4111 Kansas Avenue NW, known for tax and assessment purposes as Lots 2001 through 2045 in Square 2910 (the “Property”), a 48-month period from the date it was acquired by So Others Might Eat, Inc. (the “Applicant”, or “SOME”) to qualify for the tax exemption provided under D.C. Official Code § 47-1005.03(b) (the “Workforce Housing Exemption”). The Bill would also forgive and refund any real property and recordation taxes assessed or paid on the Property for the 48-month period starting on May 21, 2022 .¹

Based on financial information provided by the Applicant for the Property and its organization, the Office of the Chief Financial Officer (“OCFO”) finds that the tax exemption, as stated in the Bill, is not financially necessary, as it would not impact the Applicant’s ability to secure permanent financing for the Property, and would not materially impair the available financial resources of the Applicant.

¹ Although the Property was acquired by the Applicant on May, 31, 2022, the Bill provides that the forgiveness period commences May 21, 2022. This may be a typographical error that should be corrected.

Background

The Applicant is a nonprofit housing developer and comprehensive social service provider based in Washington, D.C. The Applicant purchased the Property on May 31, 2022, with the stated intent of renting the units under the income restrictions outlined in the Workforce Housing Exemption. In general, the Workforce Housing Exemption offers a tax exemption for properties owned by nonprofit organizations that rent at least 50 percent of their occupied units to households earning 80% Area Median Income (AMI) or less, and the remainder of occupied units are rented to households that are earning 120% of AMI or less.

Until recent amendments to the Workforce Housing Exemption were enacted,² an eligible nonprofit owner had no more than 12 months from the property acquisition date to meet the conditions outlined in the Workforce Housing Exemption to qualify. The Applicant applied for the Workforce Housing Exemption for the Property within this 12-month eligibility period, but the Office of Tax and Revenue determined the conditions had not been fully met within the required time period and so the exemption was not allowed. However, the Applicant states that it intends to meet the stated housing affordability levels for this Property.

The Bill would forgive real property taxes on the Property for a 48-month period from May 21, 2022 to allow the Applicant to apply for the Workforce Housing Exemption, regardless if it is approved. Additionally, recently enacted amendments to the Workforce Housing Exemption allow eligible applicants to apply for the tax exemption in any tax year in which the conditions are satisfied, along with changes to simplify the tenant income verification process. The Applicant submitted a Workforce Housing Exemption application for this Property that is presently under review. If certified under the amended provisions in the current fiscal year, the Property’s real property taxes in Tax Year 2026 would be exempted as of the start of the fiscal year.

Financial Analysis

(A) Terms of the Abatement/Exemption

The Bill would grant the Property 48 months from its May 31, 2022 acquisition date to apply for the Workforce Housing Exemption under D.C. Official Code § 47-1005.03. The Bill would also forgive all real property and recordation taxes assessed for the 48-month period beginning May 21, 2022, and payments of such taxes would be refunded.

(B) Value of the Abatement/Exemption

As shown in Table 1, the value of the proposed real property tax exemption as provided by the Bill is \$761,808 through the financial plan period. This estimate represents the total value of real property and recordation taxes on the Property paid between tax year 2022 through 2025, and partially through tax year 2026.

² Nonprofit Workforce Housing Properties Tax Exemption Amendment Act of 2025, enacted Sept. 4, 2025 (D.C. Act 26-148; 72 DCR 9825).

Table 1. Estimated Value of the Proposed Tax Abatement/Exemption

Exemption	FY 2026	FY 2027	FY 2028	FY 2029	Total FY26-29	Total FY30-54	Total
Real Property Tax	\$526	\$0	\$0	\$0	\$526	\$0	\$526
Recordation Tax	\$236	\$0	\$0	\$0	\$236	\$0	\$236
Total	\$762	\$0	\$0	\$0	\$762	\$0	\$762

The Exemptions and Abatements Information Requirements Act of 2011 requires certain information from the Applicant pertaining to political contributions and contracts held by the Applicant if the total estimated value of the abatement or exemption is \$250,000 or more. According to the Applicant, no political contributions have been made since the introduction of the Bill. In Fiscal Year 2024, its parent organization SOME, Inc. received \$350,000 in Housing Production Trust Fund (HPTF) distributions.

(C) Purpose of the Abatement/Exemption

According to the Applicant, the exemption and forgiveness of the Property’s taxes would help generate the necessary cash flow to support permanent debt service on the Property, reduce financial hardship to the nonprofit organization, and assist the organization’s ability to create and preserve affordable housing across the District.

(D) Summary of the Proposed Community Benefits

The community benefits provided by the Applicant are provided in Attachment A.

(E) Financial Analysis and Advisory Opinion

The OCFO’s Office of Finance and Treasury (OFT) reviewed the Applicant’s financial information provided for calendar years 2022, 2023, 2024, and partial financials for 2025. OFT also reviewed information on the Property’s current and projected financials, draft terms on the permanent financing, and its ability to resolve project funding gaps with resources elsewhere in the organization.

The Applicant is currently seeking a refinancing of its acquisition of the Property. The permanent financing will consist of a conventional loan and a social impact loan, both of which will require regular debt payments. The Applicant will also retain its own funds in the Property in the form of a loan to repaid by cash flow or sale and refinance proceeds only if available.

Based on OFT’s review, the ongoing, prospective exemption provided under the amended Workforce Housing Exemption would be financially necessary for the Applicant to be able to raise a sufficient amount of permanent debt from lenders to pay off the acquisition loans. This is because a prospective tax exemption would result in a higher ongoing net income to support a higher debt payment. Should

the Property fail to receive the Workforce Housing Exemption for tax year 2026, the Bill’s tax relief attributable to tax year 2026 alone would still be insufficient to refinance the Property’s acquisition.

Retrospectively, the Applicant made annual funding contributions to cover the Property’s real property tax payments during the lease-up period, and these contributions will not be repaid by the permanent financing. While committing these funds allowed for the closing of financial gaps on the Property, repayment of these contributions would be determined within the organization and is not necessarily critical to securing permanent loans. Furthermore, the Applicant’s audited financial statements indicate that the Property’s tax liability paid to date represents only a small percentage of the Applicant’s non-donor restricted net assets that can be used to cover the liability. While the tax burden on the Property may result in fewer resources for SOME to advance its organizational mission, the OCFO finds that the tax exemption as stated in the Bill is not financially necessary for the Applicant to secure permanent financing and continue to operate the Property.

Conclusion

Based on the financial information provided by the Applicant, the OCFO finds that although a prospective tax exemption may be necessary to secure permanent financing and continue to operate the Property, the retrospective tax exemption as stated in the Bill is not financially necessary. The Applicant has sufficient resources to cover the real property and recordation tax liability during the 48-month period from the date of the Property’s acquisition.

Attachment A

Summary of the Proposed Community Benefits

Maintaining 4111 Kansas Avenue NW as a 40-unit affordable housing community provides critical and lasting benefits to both the Petworth neighborhood and the District of Columbia. The property serves households earning below 80% of the Area Median Income (AMI), offering safe, stable, and high-quality housing to residents who would otherwise face displacement due to rapidly rising housing costs. By preserving affordability in a high-opportunity neighborhood, SOME is directly advancing the District’s equity and housing preservation goals while ensuring continued access to employment, education, and essential community amenities for lower-income families and individuals.

The preservation of 4111 Kansas as affordable housing contributes to neighborhood stability and inclusivity in an area that has experienced significant gentrification and economic pressure. Affordable housing in Petworth helps sustain economic diversity, allowing long-term residents and essential workers—such as teachers, healthcare aides, and service industry employees—to remain in the community they support. This property also provides residents with proximity to Metro transit, schools, parks, and local businesses, all of which foster stronger community engagement and economic vitality within the neighborhood.

The property’s affordability directly aligns with the intent of DC Code §47-1005.03, which was established to encourage the creation and long-term preservation of affordable and mixed-income housing across the District. Granting and maintaining this exemption supports the city’s broader policy objectives by safeguarding affordable units west of the Anacostia River and ensuring nonprofit housing providers like SOME can continue to meet the city’s housing equity commitments. Without this exemption, the city risks undermining the very policy framework intended to expand and protect affordable housing opportunities for District residents.

Moreover, sustaining 4111 Kansas as an affordable asset is consistent with the District’s Comprehensive Plan and the Mayor’s Housing Framework for Equity and Growth, both of which emphasize preserving existing affordability in high-cost areas. The continued exemption will help maintain long-term affordability, promote economic mobility, and prevent displacement of vulnerable residents. Protecting this property ensures that SOME can fulfill its mission of providing dignified, service-enriched housing while contributing to the District’s broader goal of maintaining diverse, inclusive, and thriving neighborhoods for all residents.

However, without approval of the property tax exemption and retroactive reimbursement for taxes already paid, the long-term viability of this affordable housing community is at risk. As a nonprofit organization, SOME operates on narrow margins and reinvests all available funds into property operations, resident services, and future affordable housing initiatives. The absence of retroactive relief would divert vital resources away from these priorities, compromising both the stability of 4111 Kansas and SOME’s broader ability to preserve affordable housing across the city. For these reasons, granting the exemption and reimbursement is essential to sustaining affordability, protecting public investment, and advancing the District’s housing equity goals.

JOBS CREATED:

The acquisition of the project allowed SOME to create two permanent full-time positions, a program manager and a night manager. Sustainable home ownership begins with an educated consumer, therefore SOME works with the participants on all facets of home-ownership. Intensive services are provided by the Program Manager, HUD-approved housing counseling agencies, and the bi-monthly Community Meetings led by the Program Director and other community partners. Residents in the program are required to attend bi-monthly case management sessions with the Program Manager to discuss progress with budgeting, savings, housing counseling and other determined areas of support. They are also required to attend bi-monthly Community Meetings, which we have named “Trailblazer” Meetings, where residents will be provided with additional information on topics such as financial literacy and homeownership responsibilities, as well as being a space for peer support, encouragement, and information/resource sharing. In addition to the program manager, the night manager was selected to oversee all operations during the night shift.

The annual salary of the program manager is \$59,484 while the annual salary for the night manager is \$28,392. Both positions receive paid holidays, paid vacation, paid sick days, health insurance, dental insurance, short and long-term disability, insurance for dependents, maternity leave, life insurance, 401(K), and education/training. In addition to the full-time staff, SOME members of the property management and facilities teams will also be partially allocated to the project.