

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



Glen Lee
Chief Financial Officer

**Submission Requirements for Parties Seeking a
Tax Abatement or Exemption**

The Exemptions and Abatements Information Requirements Act of 2011, as amended¹ (the TAFE Law) requires that the Office of the Chief Financial Officer (OCFO) provide Council with an advisory opinion on whether or not the abatement or exemption is necessary. Depending on the type of abatement or exemption, the OCFO shall consider the fiscal needs of the beneficiary, the financial feasibility of the proposed project, and the public policy objective of the abatement or exemption.

Review and Analysis Process and Timeframe

Within the OCFO, the Economic Development Finance (EDF) group within the Office of Finance and Treasury (OFT) will be responsible for coordinating and completing review and analysis of all necessary information. All questions and submissions should be made to:

Abatement.Info@dc.gov

Please include the following in the subject line: Tax Abatement Financial Analysis Request

Material sent by mail can be directed to:

Attention: Abatement or Exemption Request
Office of Finance and Treasury, Economic
Development Finance
Office of the Chief Financial Officer - District of Columbia
1101 4th Street SW, Suite W772
Washington DC 20024

Either the Mayor or any Councilmember (or their staff on their behalf) may request a tax abatement financial analysis (TAFE) prior to scheduling a hearing. The request should include the introduced bill or draft bill and contact information for the taxpayer/applicant who will receive the abatement or exemption. Subsequent to the referral of a bill to a Committee, the Committee Director should request the TAFE.

When the TAFE request is received, EDF staff will be assigned to review the submission information and prepare the draft analysis. Analysis will only begin once a written TAFE request has been made and a complete information package has been submitted to the OCFO.

Once EDF staff prepares the draft, it will be reviewed and approved within OCFO. The OCFO review and analysis is likely to take a minimum of four weeks from the time the analysis commences, but may take

¹ D.C. Official Code §47-4701. See Attachment A for text of the law.

longer, depending on the complexity of the proposal. Expedited preparation of TAFAs can be requested and OCFO will consider these requests on a case-by-case basis.

Requesting parties are encouraged to contact the Economic Development Finance group with any questions about submission requirements, timeline for completion of the TAFE, or the subsequent review and analysis that will be performed.

TAFE Content

The OCFO will complete the financial analysis and advisory opinion in accordance with specified statutory requirements in the TAFE Law.

- For existing buildings, the financial analysis shall consist of a review and analysis of the financial condition of the recipient of the proposed exemption or abatement and an advisory opinion stating whether or not it is likely that the recipient could be reasonably expected to meet its fiscal needs without the proposed exemption or abatement.
- For development projects, including acquisition or renovation of existing buildings, the financial analysis shall consist of a review and analysis of the financing proposal submitted and the financial condition of the recipient of the proposed exemption or abatement. The advisory opinion will state whether or not it is likely that the project could be financed without the proposed exemption or abatement.
- For a person(s) or entity(s) that can be readily identified, the financial analysis shall consist of a review and analysis of the financial condition of the recipient (if individual financial information is available) **or** of the public policy goal intended to be addressed. The advisory opinion will state whether or not it is likely that the recipient could be reasonably expected to meet its fiscal needs without the proposed exemption or abatement **or** whether the proposed exemption or abatement can reasonably be expected to meet the proposed public policy goal.
- For a person(s) or entity(s) that cannot be readily identified, the financial analysis shall consist of a review and analysis of the public policy goal intended to be addressed, including whether the exemption or abatement is appropriately targeted and likely to achieve the intended goal.

Information Requirements

The submission requirements for OCFO analysis shall include information listed below. Any confidential information requested to be withheld from public release should be marked. When this information is submitted, the OCFO will perform a cursory review to ensure that the information package is complete. Once information is deemed complete, EDF staff will commence their analysis. EDF staff will notify both the applicant and the requestor if the package is incomplete and may contact the applicant during the analysis with additional questions or information requests.

The summary of community benefits, as submitted in the information requirements detailed below, will be included as part of the OCFO's overall advisory opinion. All other information submitted will be used in the OCFO's financial analysis and advisory opinion.

All TAFE requests shall be accompanied by the following minimum information:

1. A summary description of the purpose for which an exemption or abatement is sought.
2. The proposed terms of the requested exemption or abatement. Terms can include number of years that the exemption or abatement will be in effect, and, if applicable, maximum total exemption or abatement amount. If proposed as a specific dollar amount or not-to-exceed dollar amount per year,

the annual proposed value of the requested exemption or abatement.

3. A summary of the proposed community benefits to be provided by the abatement, if known, including, but not limited to:
 - a. The number of affordable housing units to be developed, if any, including:
 - i. Level of Area Median Income (AMI) at which units will be affordable, if applicable; and
 - ii. The projected financial value of the proposed subsidy based upon the difference between the value of a comparable market rate unit and a proposed affordable unit within the same neighborhood, if applicable.
 - b. The proposed number of jobs to be created by the project, if any, including:
 - i. Whether the jobs are temporary or permanent (permanent jobs are those involved in the ongoing operation of the commercial property);
 - ii. Full-time or part-time (full-time jobs are those working at least 35 hours a week);
 - iii. The estimated wages and benefits for each job; and
 - iv. The number of jobs that are committed to District residents.
 - c. Description of any other public policy goal(s) the exemption or abatement is meant to address and expected results.

The summary should delineate which community benefits and amenities are already required by law through the zoning process (e.g., inclusionary zoning, planned-unit-development approval) or regulations (e.g., environmental standards).

4. Name and contact information of the person most familiar with the information submitted.
5. For any abatement or exemption with an estimated aggregate value of \$250,000 or more, a statement related to political contributions and contracts made by the taxpayer receiving the abatement as defined in D.C. Official Code §47-4701(b)(1)(c-i). This includes:
 - a. Any contributions made from the time of the tax abatement or exemption bill's introduction through the date that the TAFE is provided to the Council to: 1) the Mayor or any Councilmember; 2) a candidate for Mayor or Councilmember; 3) any political committee as referenced in the TAFE Law; and 4) any constituent-service program as referenced in the TAFE Law.
 - b. A list of contracts, as defined by law, that the grantee is seeking or holds with the District government, as referenced in the TAFE Law.

See Attachment A to this Guidance for the specific requirements defined in the TAFE Law.

In addition, proposed abatements or exemptions of real property taxes for existing buildings and development projects shall be accompanied by the following information:

6. Description of the property or development project, including use or expected uses, timing of purchase if applicable, total development cost if applicable, and gross and net square footage of the building.
7. Address, square and lot, and/or boundary information for the property.
8. Evidence of site control.
9. Description of the project's ownership structure.

10. A copy of the requesting organization's financial statements for each of the previous three years and any pertinent management reports from the same period.
 - a. If the property owner is an LLC, copies of financial statements of the partners.
 - b. If the property owner is an individual or individuals, resume or resumes of the principals and a narrative description of experience with similar projects.
11. For existing buildings, for which a purchase or renovation is not contemplated:
 - a. Audited income and expenses of the building for each of the previous three years. Unaudited or projections are acceptable if actuals and audited statements are not available.
 - b. A description of the feasibility of financing the tax liability subject to the abatement or exemption, as an alternative to receiving an abatement or exemption, and documentation (such as rejection letters from banks) of efforts to secure financing.
12. For development projects, including purchase or renovation of an existing building:
 - a. A financial pro forma of the project detailing debt, equity, detailed project cost estimates and all associated cash flows including projected real property and other taxes or savings from the proposed tax exemption or abatement. The pro forma shall be submitted electronically in Excel and shall allow the OCFO to examine and manipulate the underlying formulas and assumptions.
 - b. A description of efforts to obtain adequate debt and equity to complete the project to include:
 - i. Letters of interest or commitment from lenders, if any;
 - ii. Letters of rejection by lenders, if any;
 - iii. Equity commitments; and
 - iv. Other requests for alternate funding, including grants, tax credits, and loans.
 - c. Project timeline and any time constraints that affect the project.
 - d. Proposed business types or major tenants for retail and commercial projects.

For all other abatements or exemptions, the OCFO will determine additional information requirements based on the type of tax exemption or abatement proposed.

Attachment A

§ 47–4701. TAFAs requirements.

(a) A bill introduced in the Council that grants an exemption or abatement of a tax imposed by this title or by [§ 42-1103](#), unless the exemption or abatement is one of general applicability, shall not receive a Council hearing until a completed tax abatement financial analysis (“TAFAs”) has been provided to the Council and made available to the public.

(b)(1) The TAFAs shall include:

(A) The terms of the exemption or abatement;

(B) The estimated annual value of the exemption or abatement;

(C) The purpose for which the grantee seeks the exemption or abatement;

(C-i) If the estimated aggregate value of the exemption or abatement is \$250,000 or more:

(i) A list of the contributions, as that term is defined in [\[§ 1-1161.01\(10\)\]](#), made, from the date of the bill's introduction to the date that the TAFAs is provided to the Council, by the grantee and the principals of the grantee, to the following persons:

(I) The Mayor and any Councilmember;

(II) A candidate for Mayor or Councilmember;

(III) Any political committee, as that term is defined in [\[§ 1-1161.01\(44\)\]](#), affiliated with an individual listed in sub-sub-paragraphs (I) or (II) of this sub-sub-paragraph; and

(IV) Any constituent-service program established pursuant to [\[§ 1-1163.38\]](#), affiliated with an individual listed in sub-sub-paragraphs (I) or (II) of this sub-sub-paragraph; and

(ii) A list, provided by the grantee, of any contracts, as that term is defined in [\[§ 1-1161.01\(10C\)\(A\)\(ii\)\]](#), that the grantee is seeking or holds with the District government;

(D) A summary of the proposed community benefits to be provided by the grantee of the exemption or abatement, including, if applicable, the number of jobs that may be created, delineated in accordance with paragraph (2)(A)(iv), (v) and (vi) of this subsection;

(E) If, in the opinion of the Chief Financial Officer, it is unlikely that the grantee's stated purpose could be accomplished without the proposed exemption or abatement:

(i) An estimate of the amount of exemption or abatement necessary to accomplish the purpose;

(ii) Efforts by the grantee to obtain alternate financing; and

(iii) Any factors that limit the ability of the grantee to obtain adequate financing; and

(F) A financial analysis prepared by the Office of the Chief Financial Officer, which shall consist of:

(i) For existing buildings, a review and analysis of the financial condition of the recipient of the proposed exemption or abatement and an advisory opinion stating whether or not it is likely that the recipient could be reasonably expected to meet its fiscal needs without the proposed exemption or abatement;

(ii) For new developments, a review and analysis of the financial condition of the recipient of the proposed exemption or abatement and of the financing proposal submitted by the recipient and an advisory opinion stating whether or not it is likely that the project could be financed without the proposed exemption or abatement;

(iii) For exemptions or abatements related to a person or group of persons that can be readily identified, a review and analysis of the financial condition of the recipient of the proposed exemption or abatement and an advisory opinion stating whether or not it is likely that the recipient could be reasonably expected to meet its fiscal needs without the proposed exemption or abatement. If individual financial information is not available, the requirements of this sub-subparagraph may be met through an advisory opinion on whether the proposed exemption or abatement can reasonably be expected to meet the proposed public policy goal[;and]

(iv) For exemptions or abatements related to a category or group of property owners or taxpayers that cannot be readily identified, a review and analysis of the public policy goal intended to be addressed, if applicable, by the exemption or abatement, including whether the exemption or abatement is appropriately targeted and likely to achieve the intended goal.

(2)(A) In addition to the requirements described in paragraph (1) of this subsection, where applicable, the TAFA shall include in the summary of the proposed community benefits:

(i) The number of affordable housing units to be developed;

(ii) For what level of Area Median Income, as defined by [§ 47-858.01\(1\)\(A\)\(i\)](#), the units will be affordable;

(iii) The assessed financial value of the subsidy, which shall be measured as the difference between the market rate of a comparable unit within the same neighborhood and the rate that is being charged as affordable housing;

(iv) The number of jobs that will be created, delineated by status as to whether a job is:

(I) Permanent;

(II) Temporary;

(III) Full-time; or

(IV) Part-time;

(v) The estimated wages and benefits for each job created;

(vi) Any commitment made to hiring District residents; and

(vii) A description of any other public policy goal that the exemption or abatement is meant to address, including expected results.

(B) The summary shall state which community benefits are already required by law, such as inclusionary zoning, the community amenities that have already been negotiated as part of a planned-unit-development approval, and the requirements or incentives already included in law or regulation, such as environmental standards.