

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



Natwar M. Gandhi
Chief Financial Officer

**Submission Requirements for Parties Seeking a
New Real Property Tax Abatement or Exemption**

Background

The Exemptions and Abatements Information Requirements Act of 2011 requires the Office of the Chief Financial Officer (OCFO) to:

- 1) Provide Council, prior to a hearing related to a tax abatement or exemption, with particular information, including a list of community benefits and an analysis regarding certain financial aspects of the project and entity requesting the exemption; and
- 2) Request and collect annual certifications of continuing eligibility for certain abatements and exemptions from property owners. If a property owner receiving a tax abatement or exemption does not properly provide the information in a certification, the abatement will be rescinded.

This guidance relates only to part 1 above. The Office of Tax and Revenue, within the OCFO, will administer part 2 above and will provide separate guidance. OTR will provide instructions directly to the owners of those properties with continuing property tax abatements and exemptions.

Request for Analysis

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

Office of Economic Development Finance
(Attention: Abatement or Exemption Request)
Office of the Chief Financial Officer - District of Columbia
1101 4th Street SW, Suite W772
Washington DC 20024
Phone: 202-727-9635
Email: Abatement.Info@dc.gov

Either the Mayor or any Councilmember may inform the OCFO that an OCFO analysis regarding a tax exemption or abatement of real property or deed recordation taxes should be initiated because a hearing will be requested (the official notification). The OCFO will not conduct the analysis at the sole request of the entity requesting the abatement/exemption. The analysis will begin once an official notification has been made. *However, prior to any official notification, requesting parties are encouraged to contact the Office of Economic Development Finance with any questions about submission requirements or the subsequent review and analysis that will be performed.*

Information Requirements

The official request for OCFO analysis shall include information listed below. It must be provided to the OCFO, in both hard copy and digital copy. Any information qualified as confidential under the FOIA must be so marked. When this information is submitted, the OCFO will perform a cursory review to ensure that the information package is complete. The OCFO will notify both the party providing the official notification and the requestor if the package is incomplete. Once the information is deemed complete, the OCFO will commence its review.

Information requirements for abatements and exemptions for existing buildings and development projects:

1. A summary description of the project or existing property(ies) for which an exemption or abatement is sought, including use or expected uses, timing of purchase if applicable, total development cost if applicable, and gross and net square footage of the building.
2. Address, square and lot, and/or boundary information for the property.
3. The proposed terms of the requested abatement or exemption. Terms can include number of years that the abatement or exemption will be in effect, and, if applicable, maximum total abatement or exemption amount.
4. The annual proposed value of the requested abatement or exemption. If the abatement is proposed as a specific dollar amount or not-to-exceed dollar amount per year, state the amount. If the abatement is attributable to the entire property, please state the estimated abatement per year, including for a year-by-year abatement during any construction period.
5. A summary of the proposed community benefits to be provided by the recipient including:
 - a. The number of affordable housing units to be developed, if any.
 - b. Level of Area Median Income (AMI) at which units will be affordable.
 - c. 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.
 - d. The proposed number of jobs to be created by the project 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.
 - e. All community benefits and amenities required by law through the zoning process.

6. For existing buildings,

- a. Income and expense projections for the building. For an abatement or exemption that includes the purchase of an existing building, a pro forma of the transaction, including the purchase price.
- b. Evidence of site control.
- c. A building or property valuation of the exempted parcels.
- d. A description of the project's ownership structure
- e. 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.
 - i. If the property owner is an LLC, copies of financial statements of the partners.
 - ii. If the property owner is an individual or individuals, resume or resumes of the principals and a narrative description of experience with similar projects.
- f. E.I.N number of the owner or purchaser entity applying to receive the abatement or exemption.

7. For development projects,

- a. An electronic Excel spreadsheet of the financial pro forma of the project detailing debt, equity, detailed project costs estimates and all associated cash flows including projected real property and other taxes or savings from the proposed tax abatement or exemption.
- 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, 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.
- e. Evidence of site control.
- f. Description of the project ownership structure.
- g. 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.
 - i. If the property owner is an LLC, copies of financial statements of the partners.
 - ii. If the property owner is an individual or individuals, resume or resumes of the principals and a narrative description of experience with similar projects.
- h. E.I.N number of the owner or purchaser entity applying to receive the abatement or exemption.

8. Name and contact information of the person most familiar with the information submitted.

Review and Analysis

If an official notification is received from a Councilmember, the OCFO will notify the appropriate identified liaison in the Office of the Deputy Mayor for Planning and Economic Development (DMPED) that the OCFO has received the official notification and is commencing its analysis. A copy of the request will be transmitted to the DMPED liaison. The OCFO will also provide the DMPED liaison with a copy of the OCFO's completed analysis at the same time that it is submitted to the Council.

Part 5 above, a summary of community benefits, will be transmitted to Council, as submitted by the owner, as part of the OCFO's overall advisory opinion. If DMPED seeks to comment on the community benefits in the tax abatement proposal, or on any aspect of the information provided, it may do so directly to the Council. All other information submitted will be used in the OCFO's financial analysis and advisory opinion.

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 existing buildings the OCFO review and analysis is likely to take 2 to 3 weeks, depending on the size and scope of the project and the sufficiency of the information provided.

For development projects, the financial analysis shall consist of a review and analysis of the financing proposal submitted and an advisory opinion about whether or not it is likely that the project could be financed without the proposed exemption or abatement, including an estimate of the amount of exemption or abatement necessary to enable the project to be financed, efforts to seek alternate financing, and other factors limiting the owner's ability to obtain adequate financing.

For development projects, the OCFO review and analysis is likely to take approximately 30 days. However, smaller projects could be completed in a shorter timeframe, depending on information provided. Large-scale projects with complicated financing structures could take significantly longer.

Any questions related to the timing of OCFO analysis on a specific project should be made to the contact information listed above.