

**PUBLIC HEARING  
ON  
BILL 17-246, “GOLDEN RULE PLAZA, INC. REAL  
PROPERTY TAX EXEMPTION AND REAL  
PROPERTY TAX RELIEF ACT OF 2007”**

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

**The Honorable Jack Evans, Chairman**

**July 9, 2007, 11:00 A.M.  
Room 120, John A. Wilson Building**



**Testimony of  
Matthew Braman  
Director of Operations  
Office of Tax and Revenue**

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

Good morning, Chairperson Evans, and members of the Committee on Finance and Revenue. I am Matthew Braman, Director of Operations for the Office of Tax and Revenue (“OTR”). I am pleased to present testimony today on Bill 17-246, the “Golden Rule Plaza, Inc. Real Property Tax Exemption and Real Property Tax Relief Act of 2007.”

### **HISTORY**

In 2005, Golden Rule Plaza was awarded a 15-year exemption by the Council for its property known as lot 840 in square 525. On that property, Golden Rule Plaza created a 119-unit senior citizen housing project under section 542 of the Housing and Community Development Act of 1992 as the first phase of its goal for providing comprehensive senior citizen housing. Some percentage of units was required to be low-income. Phase 1 of the development could not qualify for a real property tax exemption administratively, so real property tax relief was granted by the Council for a limited period of 15 tax years as evidenced by D.C. Code § 47-1065(a).

### **PROPOSED EXEMPTIONS**

Bill 17-246 would provide real property tax exemptions for the second phase of the senior citizen housing project on lots 837, 841, and 842 in square 525 and lot 840 in square 526. The properties are owned by Golden Rule Plaza, Inc., an IRC § 501(c)(3) nonprofit organization. The exemptions

are conditioned on the property being: (1) owned by Golden Rule Plaza, Inc.; and (2) not used for general commercial purposes.

The bill forgives real property taxes assessed since December 1, 2005 on lots 837 and 842 in square 525 and lot 840 in square 526. The Bill also forgives real property taxes assessed since October 1, 2006 on lot 841 in square 525.

### **POSITION**

The justification for the exemption of phase 1 was that real property taxes would increase the amount of rent owed by senior tenants and that some rents charged to low-income senior tenants could not exceed federal limits under section 542. OTR applauds the relief proposed by the bill, but we note that this bill pertaining to phase 2 of the development does not incorporate any of the restrictions previously imposed on phase 1.

The phase 1 development exemption was conditioned on the property being: (1) used as a qualified low-income housing project pursuant to a land use restriction agreement; and (2) receipt of federal Housing and Urban Development assistance under section 542 of the Housing and Community Development Act of 1992. Moreover, the duration of the phase 1 exemption was limited to 15 tax years.

To parallel the phase 1 exemption, this bill should restrict the use of the property to senior housing receiving assistance under section 542 of the Housing and Community Development Act of 1992. Moreover, the same 15-year sunset of the exemption would be appropriate because the uses of phase 1 and phase 2 appear similar.

The bill also suffers from technical defects that would make it difficult to administer. Remedies for these defects are addressed in Attachment "A."

**Fiscal Impact of Bill 17-246**

OTR estimates that it will incur approximately \$30,000 in administrative costs for programming and administering this exemption.

Implementation of the bill would cost approximately \$ 1.1 million in lost revenue from FY 2008 through FY 2011, inclusive.

Thank you, Chairman Evans, for the opportunity to comment on this bill. I would be happy to answer any questions you or other Council members might have at this time.

## **ATTACHMENT “A”**

Sec. 2. The phrase “subject to the provisions of § 47-1002, providing for the exemption of certain real properties” should be deleted and replaced with language providing that the exemption is conditioned on:

1. Any part of the property used for a non-exempt purpose will be taxed under D.C. Code § 47-1005;
2. The exempt use report required under D.C. Code § 47-1007 must be filed annually; and
3. The exemption begins and ends as provided for in D.C. Code § 47-1009.

Sec. 3. The forgiveness of taxes and related charges should be extended until the date when the exemption provided for under this bill becomes effective. Additionally whether recordation taxes, owed by Golden Rule Plaza, Inc., are to be forgiven should be specifically addressed.