

**PUBLIC ROUNDTABLE ON
BILL 16-229, “LIMITED-EQUITY COOPERATIVE TAX
FAIRNESS ACT OF 2005”**

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

The Honorable Jack Evans, Chairman

**April 26, 2005, 11:30 a.m.
Room 412, John A. Wilson Building**



**Testimony of
Daniel L. Black, Jr.
Deputy Chief Financial Officer
Office of Tax and Revenue**

**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. I am Daniel L. Black, Jr., Deputy Chief Financial Officer for the Office of Tax and Revenue. I am pleased to present testimony today on Bill 16-229, the “Limited-Equity Cooperative Tax Fairness Act of 2005.”

Bill 16-229 would change the method by which the District assesses the value of certain housing cooperatives. Specifically, this proposal would reduce the assessed value of certain housing cooperatives by the amount of payment received by way of government subsidy, and divide the remaining amount by a 10 percent capitalization rate. We note this proposal limits this option to those cooperatives whose bylaws limit the resale price of membership share for purposes of keeping the housing permanently affordable to incoming members.

This method differs from the current approach that, generally speaking, multiplies the aggregate estimated market value of the proprietary leases, stock or other interests in the cooperative by 65 percent. Furthermore, the proposed 10 percent capitalization rate is higher than the recognized standard of 7 percent, and thereby discounts the value of the cooperative even further for assessment purposes.

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.

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