

PUBLIC HEARING

ON

**Bill 20-832“Douglas Knoll, Golden Rule, 1728 W Street, and
Wagner Gainesville Real Property Tax Exemption Act of
2014”**

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

Councilmember Jack Evans, Chairman

**October 16, 2014, 10:00 AM
John A. Wilson Building, Room 412**



**Testimony of
John Ross
Senior Advisor to the Chief Financial Officer
For Economic Development Finance**

**Jeffrey S. DeWitt
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. I am John Ross, Senior Advisor to the Chief Financial Officer for Economic Development Finance. I am pleased to testify today on behalf of the CFO on the “Douglas Knoll, Golden Rule, 1728 W Street, and Wagner Gainesville Real Property Tax Exemption Act of 2014.”

The proposed legislation would amend the existing real property tax exemptions for the subject properties to provide an exemption in perpetuity so long as they remain affordable housing. Under current law, the tax exemptions sunset at the end of tax year 2019. The present value of the estimated tax exemptions beginning in FY 2020 is \$6.4 million.

The OCFO finds the proposed exemptions are necessary if the Council wishes these properties to maintain their current use. The OCFO analyzed the financial statements of each property and found that even without a tax exemption, these projects are operating with very little net cash flow, and the imposition of real property taxes would likely cause instability in their operations.

The proposed legislation would provide exemptions into perpetuity for the four properties. The OCFO cannot fully assess the viability of these properties in FY 2020, the first year that this legislation would have an effect, and therefore we recommend periodic review of the financial viability of the four properties to make real property tax payments. At this time, there is no indication that their finances are expected to improve over the next five years; however, this could be subject to change.

Thank you for the opportunity to testify. I am happy to answer any questions at this time.