

# **PUBLIC HEARING ON**

## **“The National Community Reinvestment Coalition Real Property Tax Exemption Act of 2017,” Bill 22-521**

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

**The Honorable Jack Evans, Chairman**

**November 8, 2017, 9:30 a.m.  
Room 120, John A. Wilson Building**



**Testimony of  
Wharton H. Berger  
Executive Director of Economic Development Finance  
Office of the Chief Financial Officer**

**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. My name is Wharton Berger, Executive Director of the Office of Economic Development Finance for the Office of the Chief Financial Officer (OCFO). I am pleased to testify for the OCFO on the National Community Reinvestment Coalition Real Property Tax Exemption Act of 2017, Bill 22-521.

The proposed bill would exempt the office building purchased by the National Community Reinvestment Coalition (NCRC) in June 2016, located at 740 15<sup>th</sup> Street, N.W., from real property and deed recordation and transfer taxation. The exemption is available as long as the building is owned by NCRC, or a wholly-owned subsidiary, is not used for a commercial purpose, and NCRC invests at least \$10 million into affordable housing development and preservation in the District of Columbia during the 10 years following the effective date of this bill. The bill would also forgive deed recordation taxes on two deeds recorded in June 2016, associated with the purchase of the new building and mortgaging NCRC's former national headquarters, located at 727 15<sup>th</sup> Street, N.W., as well as refund any real property tax paid on its new building since July 1, 2016. In 2005, NCRC sought and received a legislative real property tax exemption for the non-commercial uses in its former national headquarters office building.

NCRC is a national non-profit formed in 1990 by national, regional, and local organizations to increase the flow of private capital into traditionally underserved communities. NCRC members include community

reinvestment organizations, community development corporations, community development financial institutions, local and state government agencies, faith-based institutions, community organizing and civil rights groups, minority and women-owned businesses, and local and national social service providers.

At the request of your committee, my office completed a tax abatement financial analysis for this bill. Based on financial information received from NCRC, my office has determined that the proposed exemptions and refunds are unlikely to be necessary for NCRC to maintain and operate both buildings and continue its mission.

NCRC is a financially viable non-profit organization that relies primarily on member contributions, conferences, grants, and federal awards to fund its operations while providing below-market rents to non-profit tenants in both buildings. NCRC has invested in 740 15<sup>th</sup> Street, N.W. to strengthen its financial position and to enhance its involvement with community and non-profit organizations that conduct business in the District.

NCRC may be currently experiencing high expenses associated with the purchase, lease-up, and fit-out of the new building. However, based on audited financial statements provided by NCRC, as well as the long-term expectations of the two buildings it owns, the continued financial health of NCRC does not require the proposed tax exemptions, forgiveness, and refunds.

The fiscal impact statement for the proposed legislation has not been completed, but the cost of the legislation during the FY2018 through FY2021 Financial Plan period is expected to be approximately \$8 million.

Thank you for the opportunity to testify. This concludes my testimony and I am happy to answer any questions you have at this time.