

# **PUBLIC HEARING**

**ON**

## **BILL 20-589 “SeVerna, LLC, Real Property Tax Exemption and Real Property Tax Relief Amendment Act of 2013”**

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

**The Honorable Jack Evans, Chairman**

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



**Testimony of  
John P. Ross  
Senior Advisor and 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, Chairmen Evans and Members of the Committee on Finance and Revenue. My name is John Ross, Senior Advisor and Director of Economic Development Finance for the Office of the Chief Financial Officer (OCFO). I am pleased to testify for the Office of the Chief Financial Officer on the SeVerna, LLC Real Property Tax Exemption and Real Property Tax Relief Amendment Act of 2013.

The proposed legislation would grant an exemption of real property taxes to the owners of the SeVerna affordable housing development beginning in FY 2013 and continuing for a period of 15 years so long as the property is owned by SeVerna, LLC and is not used for commercial purposes. The legislation would also refund any real property taxes paid in FY 2013 and FY 2014.

The exemption and refund amount to approximately \$1.7 million, of which \$1.5 million relates to future taxes and \$228,000 relates to total taxes paid in FY 2013 and FY 2014.

SeVerna, LLC provided EDF with projected revenue and expense information including debt service on the subject property. Based on the OCFO's analysis, the exemption and the refund are not necessary for the low-income residential apartment project to remain operational and continue to provide affordable housing. The development is currently operating without an exemption and revenues are sufficient to pay the project's operations and first mortgage.

Although the property is managed by a non-profit sponsor and was constructed utilizing LIHTC, the development is not eligible for an as-of-right exemption under the Nonprofit Affordable Housing Developer Tax Relief Act of 2012 because the development was completed prior to the effective date of the Act.

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