

**PUBLIC HEARING**

**ON**

**BILL 20-539 “St. Matthew’s Evangelical Lutheran Church  
Community Garden Equitable Real Property Tax Relief 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, Chairman 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 St. Matthew's Evangelical Lutheran Church Community Garden Equitable Real Property Tax Relief Act of 2013.

The proposed legislation would provide a property tax abatement for 222 M Street, SW, a vacant parcel owned by St. Matthew's Church which is currently being used as a community garden. The abatement would apply to taxes due from October 1, 2008 to September 30, 2015 and has a total value of approximately \$350,000<sup>1</sup>.

In 2008, St. Matthew's Church was demolished in order to make way for a redevelopment to include a mixture of residential and religious uses. The pending redevelopment by a joint venture between Trammell Crow Company and CSG Urban Partners, obtained approval from the District for a Planned Unit Development for the property to include a rebuilt church, 217 apartment units, and 151 below-grade parking spaces. Since the demolition, St. Matthew's has used the property as a community garden, and the congregation has been worshipping elsewhere in the District.

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<sup>1</sup> The TAFE issued May 8, 2014 estimated the total abatement value at approximately \$240,000. The increase in abatement value reflects an anticipated change in property classification in tax year 2015 from residential to commercial.

The property was previously tax exempt due to its use for religious purposes; however, because only 5% of the new development would be dedicated to religious use, OTR determined the remaining 95% of the property was taxable. The Church has filed a petition in Superior Court contesting OTR's action, and this case remains before the court.

The OCFO finds that the proposed abatement is not necessary in order for development to occur. St. Matthew's has a number of options to address their property tax obligation, including taking out a larger mortgage on the property, tapping into their reserves and then replenishing them after construction, or negotiating with the developer to pay the real property tax liability.

Additionally, the Council and Mayor may want to consider the precedent set by the proposed legislation. There are a number of not-for-profit organizations in the District that own taxable property that is vacant and/or awaiting development. If such property could remain tax-exempt as long as it is owned by a not-for-profit organization, commercial developers could reduce their tax costs prior to project construction by delaying the ownership transfer of the property. The Council and the Mayor may not want to subsidize these commercial developers through tax exemptions while they assemble and hold properties.

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