

Common Interest Communities Remedial Funding Act of 2017, Bill 22-273

Before the Committee on Housing and Neighborhood Revitalization

The Honorable Anita Bonds, Chairperson

**November 16, 2017, 10:00 AM
Room 500, John A. Wilson Building**



**Testimony of
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I am pleased to provide testimony on Bill 22-273, the “Common Interest Communities Remedial Funding Act of 2017.”

In general, the Bill would create a Common Interest Community Remedial Grant program to be administered by the Mayor for the purpose of providing nontaxable grants of up to \$30,000 each to income-eligible boards of common interest communities to cure building and housing code violations of the community’s common elements. Remedial repairs to the common elements may include plumbing repairs, electrical repairs, roof maintenance, repairs or replacement, and similar repairs to common elements, which are defined as the portions of a condominium other than the individually owned units. These grants shall fulfill or exceed the equivalent of the current edition of the Green Communities standard for certification as a Green Communities project, or other substantially similar or more stringent standards for sustainable construction and operation of multi-unit housing. Contractors performing work under these grants must be properly licensed and eligible to work in the District.

To be eligible for one of these grants, the community must have outstanding housing code violations costing at least \$5,000 to repair, at least two-thirds of the households in a common interest community must have household adjusted gross

income that is no greater than 60% of the area median income, as defined under the Housing Production Trust Fund Act, the community shall have at least 10 units, the community shall be current on District taxes, the community's board shall be registered with the Department of Consumer and Regulatory Affairs, and its members have to complete a management training course prescribed by the Real Estate Commission.

The Mayor shall develop an application form for these grants, and a decision on an application is to be made within 60 days of receipt of the completed application. If the application is denied, the reason for the denial shall be provided, as well as a description of any reconsideration process.

As a general matter, the program created by the Bill will be administered by the Mayor, rather than the Chief Financial Officer, and I accordingly leave comments and recommendations on administrative issues to the Mayor.

I will, however, make a brief comment about the tax treatment of the grants provided under this Bill. The Bill does state that the grants made under this program are to be "nontaxable." As a general matter, income received by homeowners' or condominium associations in the form of dues and similar

payments from members is not taxed. However, income from other sources is generally subject to income tax under Federal and District law, and these grants may be taxable under applicable tax law principles. Accordingly, if it is intended that these grants not be included in the District taxable income of the recipient boards or associations, an exemption or exclusion should be provided in the Bill. The Bill language could be clarified to facilitate implementation of the tax exemption. Suggested language is attached to my testimony.

Thank you for the opportunity to comment on this Bill

ATTACHMENT

A new section (4A) is added to the Bill, to read as follows:

(4A) Income and Franchise Tax Exemption

D.C. Official Code § 47-1803.02(a)(2) is amended by adding a new subparagraph (DD) to read as follows:

“(DD) An amount received by a taxpayer under section 3 of the Common Interest Community Remedial Funding Act of 2017.”