AN AMENDMENT

# 2

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DATE: July 28, 2020

OFFERED BY: Councilmember Elissa Silverman

TO: B23-0760, the “Fiscal Year 2021 Budget Support Act Act of 2020”

VERSION: Amendment in the Nature of a Substitute: ___X___

Amendment

Amend section 2062(b) (Title II, Subtitle G, Tax Abatements for Affordable Housing), as follows:

Amend the new § 47-860 of the District of Columbia Official Code as follows:

(1) Amend subsection (a)(3) (line 839, page 43) to read as follows:

“(3) At least 1/3 of the housing units developed or redeveloped on the real property are affordable to and rented to or purchased by households earning on average 80% or less of the area median income, in perpetuity; provided, that during such period no such household earns more than 100% of the median family income;”.

(2) At subsection (c) (line 870, page 45), strike the number “30th” and insert the number “15th” in its place.

(3) At subsection (d)(1), (line 875, page 45) strike the word “certify” and insert the phrase “certify annually” in its place.
**Rationale**

This amendment is necessary to advance long-term housing equity in the District and avoid an over-subsidy for developments serving moderate-income households. As currently formulated, the tax abatement will pay significantly more per affordable unit than the District pays for any other affordable housing program. However, a tax abatement on all of the units lasting for 15 years, instead of 30 years, will effectively pay down the land acquisition costs for one-third of the development, allowing housing affordability at 80 percent of area median income in perpetuity.

Therefore this amendment changes the abatement period to 15 years, without changing the annual amount of the abatement. The amendment also requires the affordability covenant filed by the developer to be in perpetuity. And it requires the District to annually certify that the property is still meeting the affordability requirements for the abatement.
MEMORANDUM

TO: Councilmember Elissa Silverman

FROM: Nicole L. Streeter, General Counsel

DATE: July 27, 2020

RE: Legal sufficiency determination for Amendment # 2 to ANS to the Fiscal Year 2021 Budget Support Act of 2020, Bill 23-760.

The amendment is legally and technically sufficient for Council consideration.

The amendment would amend section 2062 of the ANS to the Fiscal Year 2021 Budget Support Act of 2020 (Bill 23-760) to amend new section 47-860 of the District of Columbia Official Code to do the following:

(1) Require that the affordability covenants established in the new section last in perpetuity;

(2) Require that the tax abatement last no longer than 15 years; and

(3) Require the Mayor to annually certify a property’s eligibility for the abatement.

I am available if you have any questions.
FISCAL IMPACT STATEMENT

TO: The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

FROM: Jennifer Budoff, Budget Director

DATE: July 28, 2020

SHORT TITLE: B23-0760, the Fiscal Year 2021 Budget Support Act of 2020

TYPE: Amendment #1

REQUESTED BY: Councilmember Elissa Silverman

Conclusion
This amendment will not have an adverse impact on the District’s budget and financial plan.

Background
This amendment would clarify that when tax abatements are provided for affordable housing in high-need affordable housing areas the affordable units must be occupied by households earning 80% or less of the area median income. The amendment would also strike a requirement that units remain affordable for a period of up to 30 years and would limit the period of the abatement to 15 years. Finally, the amendment would require that the Mayor provide annual certification to the Office of Tax and Revenue that a property is eligible for the tax abatement.