

COUNCIL OF THE DISTRICT OF COLUMBIA

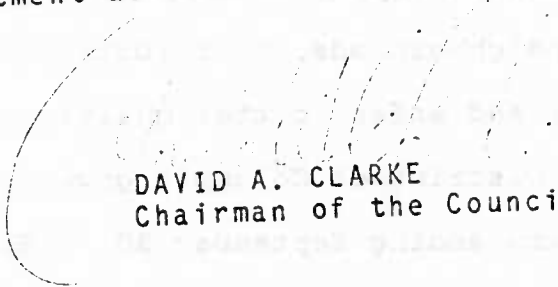
NOTICE

D.C. LAW 5-31

"Lower Income Homeownership Tax Abatement and Incentives Act of 1983".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 5-167 on first and second readings, June 28, 1983 and July 12, 1983, respectively. Following the signature of the Mayor on July 21, 1983, this legislation was assigned Act No. 5-53, published in the August 5, 1983 edition of the D.C. Register, (Vol. 30 page 3879) and transmitted to Congress July 22, 1983 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 5-31, effective October 8, 1983.

  
DAVID A. CLARKE  
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

July	22,25,26,27,28,29
August	1,2,3,4
September	12,13,14,15,16,19,20,21,22,23,26,27,28,29,30
October	3,4,5,6,7

EFFECTIVE DATE OCT - 8 1983

D.C. ACT 5 - 53

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

JUL 21 1983

To assist in expanding homeownership for lower income households through tax abatements and shared equity arrangements; and to amend the District of Columbia Revenue Act of 1980, the District of Columbia Real Estate Deed Recordation Tax Act, and An Act To define the real property exempt from taxation in the District of Columbia.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the "Lower Income Homeownership Tax Abatement and Incentives Act of 1983".

Sec. 2. Findings and Purposes.

The Council of the District of Columbia finds that:

- (1) Homeownership can be afforded by very few lower income families in the District of Columbia.
- (2) Homeownership stabilizes families and, in turn, stabilizes neighborhoods, contributing to improved housing conditions and safer, better quality neighborhoods.
- (3) The District of Columbia government budgets for the fiscal years ending September 30, 1983, and September 30, 1984 do not have funds available for significant new homeownership initiatives.
- (4) Homeownership for lower income families can be achieved, on a limited basis, through the work of nonprofit housing organizations and through private investments in shared equity arrangements which are encouraged by existing

CODIFICATION  
New  
Chapter 35,  
Title 47,  
D.C.Code  
(1981 ed.)

New  
D.C.Code,  
sec. 47-3501  
(1981 ed.)

federal and District of Columbia income tax laws.

(5) Additional support for nonprofit housing organizations, and private investors in shared equity arrangements, through property tax abatements and other incentives can serve to expand homeownership for lower income families at little or no additional cost to the District of Columbia.

(6) Expansion of homeownership opportunities for lower income families is beneficial to the public peace, health, safety and general welfare.

(7) The purpose of this act is to expand homeownership opportunities for lower income families to the maximum extent possible at the lowest possible direct cost to the District of Columbia.

Sec. 3. Qualifying lower income homeownership households.

In order to qualify as a lower income homeownership household in the District of Columbia, a lower income household must meet the following conditions:

(1) the income of the household shall not be in excess of 120% of the lower income guidelines established pursuant to section 8 of the United States Housing Act of 1937, approved August 22, 1974 (88 Stat. 662; 42 U.S.C. sec. 1437f), for the Washington Standard Metropolitan Statistical Area (SMSA), as the median is determined by the United States Department of Housing and Urban Development and adjusted yearly by historic trends of that median, and as may be further adjusted by an interim census of District of

New  
D.C. Code,  
sec. 47-3501  
(1981 ed.)

Columbia incomes by local or regional government agencies;  
and

(2) the household shall occupy the unit and shall  
either:

(A) become an owner in fee simple; or

(B) receive, pursuant to a shared equity financing  
agreement which complies with the requirements of section  
280A.(d)(3) of the Internal Revenue Code of 1954, approved  
December 29, 1981 (95 Stat. 1641; 26 U.S.C. sec.  
280A.(d)(3)), at least a 5% qualified ownership interest,  
the right to occupy the unit, and an option to purchase the  
remaining ownership interest at a specified later date.

Sec. 4. Exemptions for qualifying lower income  
homeownership households.

(a) Deeds to property transferred to a qualifying  
lower income homeownership household shall be exempt from  
the deed recordation tax pursuant to section 302 of the  
District of Columbia Real Estate Deed Recordation Tax Act,  
approved March 27, 1962 (76 Stat. 11; D.C. Code, sec.  
45-922), if it meets the requirements of section 3.

New  
D.C.Code,  
sec. 47-350  
(1981 ed.)

Note,  
D.C.Code,  
sec. 47-80  
(1981 ed.)

(b) Transfers of property to a qualifying lower income  
homeownership household shall be exempt from the transfer  
tax pursuant to section 402 of the District of Columbia  
Revenue Act of 1980, effective September 13, 1980 (D.C. Law  
3-92; D.C. Code, sec. 47-902), if:

(1) the household meets the requirements of  
section 3; and

(2) the sales contract for the property provides

that the purchaser in fee simple or the persons acquiring qualified ownership interests under a shared equity financing agreement receive a credit against the purchase price of the property in an amount equal to the total tax which would have been due without regard to this section.

(c)(1) For purposes of this subsection, the term "cooperative housing association" has the same meaning given the term in section 2 of the District of Columbia Renters and Homeowners Tax Reduction Act of 1978, effective March 3, 1979 (D.C. Law 2-130; D.C. Code, sec. 47-803(2)).

(2) Property transferred to a qualifying lower income homeownership household shall be exempt from real property tax pursuant to section 1 of An Act To define the real property exempt from taxation in the District of Columbia, approved December 24, 1942 (56 Stat. 1089; D.C. Code, sec. 47-1002), if:

(A) the household meets the requirements of section 3; and

(B) in the case of a qualifying lower income homeownership household under section 3(2)(B), the household receives a credit against rent equal to that percentage of the real property tax that would have been due on the property without regard to this section which bears the same relation to the total real property tax that would have been due on the property without regard to this section as 100% minus the percentage of the household's qualified ownership interest bears to 100%.

(3) The exemption provided by this subsection

shall apply to property owned by a cooperative housing association if at least 50% of the dwelling units contained therein are occupied by households which meet the income limitations and conditions of transfer described in section 3 and the credit against rent requirement described in paragraph (2)(B).

(4) The exemption provided by this subsection shall be in effect only until the end of the 5th tax year following the year in which the property was transferred to the household and only so long as the same household is an owner and occupant of the property or in the case of a cooperative housing association, only so long as at least 50% of the dwelling units contained therein are occupied by households which meet the income limitations and conditions of transfer described in section 3 and the credit against rent requirement described in paragraph (2)(B).

Sec. 5. Administration and Enforcement -- Qualified Lower Income Homeownership Households.

(a) The Mayor shall assume that a shared equity financing agreement meets the requirements of sections 3 and 4 if the persons acquiring qualified ownership interests in the property pursuant to the shared equity financing agreement certify that the agreement is intended to do so. The Mayor may verify the contents of the certification and the shared equity financing agreement.

(b) If within 3 years of the filing of the certification under subsection (a) the Mayor determines that the shared equity financing agreement does not meet the

New  
D.C.Code,  
sec. 47-350.  
(1981 ed.)

Note,  
D.C.Code,  
secs. 22-251  
47-813  
(1981 ed.)

requirements of sections 3 and 4, the Mayor shall disallow the exemption(s) granted under section 4.

(c) If the noncompliance with any requirement of sections 3 or 4 is cured within 90 days of the receipt of a notice of noncompliance from the Mayor, the exemption(s) shall not be disallowed.

(d) For exemptions granted under section 4(a) or (b), or both, and disallowed under subsection (b), there shall be due to the Mayor the total tax which would have been due without the exemption(s), plus a penalty equal to 10% of the tax. For exemptions granted under section 4(c) and disallowed under subsection (b), the property shall be reclassified in accordance with the provisions of section 412a of the District of Columbia Real Property Tax Revision Act of 1974, effective November 20, 1979 (D.C. Law 3-37; D.C. Code, sec. 47-813), and shall be taxed at the appropriate rate of taxation for that class, plus a penalty equal to 10% of the tax.

(e) In regard to a shared equity financing agreement's compliance with the requirements of section 280A.(d)(3) of the Internal Revenue Code of 1954, approved December 29, 1981 (95 Stat. 1641; 26 U.S.C. sec. 280A.(d)(3)), for the purposes of this section and section 403(5) of the District of Columbia Real Property Tax Revision Act of 1974, effective December 18, 1979 (D.C. Law 3-40; D.C. Code, sec. 47-802(5)), as amended by section 10(e), the Mayor shall assume that the compliance exists unless a contrary ruling or determination has been made by the Internal Revenue

Service or other competent federal authority.

(f) If any person, organization, association, corporation, or other entity shall willfully make a false statement concerning any information required to be supplied on the certification under subsection (a), the person, organization, association, corporation, or other entity shall be deemed guilty of the offense of making false statements and, upon conviction thereof, shall be subject to the penalties for that offense provided for by section 404(b) of the District of Columbia Theft and White Collar Crimes Act of 1982, effective December 1, 1982 (D.C. Law 4-164; D.C. Code, sec. 22-2514(b)).

Sec. 6. Exemptions for qualifying nonprofit housing organizations.

(a) In order to qualify for an exemption under this section, a nonprofit housing organization shall have been approved by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) or (4) of the Internal Revenue Code of 1954, approved August 16, 1954 (68A Stat. 163; 26 U.S.C. sec. 501(c)(3) or (4)).

(b) Transfers of property to a qualifying nonprofit housing organization shall be exempt from the transfer tax pursuant to section 402 of the District of Columbia Revenue Act of 1980, effective September 13, 1980 (D.C. Law 3-92; D.C. Code, sec. 47-902), if a return under oath, certifying the organization's intent to transfer the property within 1 year to a household (or to households in at least 35% of the units in a multifamily property) subject to the income

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D.C. Code,  
sec. 47-3505  
(1981 ed.)



limitations and conditions of transfer described in section 3, accompanies the deed at the time of its offer for recordation.

(c) Deeds of property transferred to a qualifying nonprofit housing organization shall be exempt from the deed recordation tax pursuant to section 302 of the District of Columbia Real Estate Deed Recordation Tax Act, approved March 27, 1962 (76 Stat. 11; D.C. Code, sec. 47-922), if a return under oath, certifying the organization's intent to transfer the property within 1 year to a household (or to households in at least 35% of the units in a multifamily property) subject to the income limitations and conditions of transfer described in section 3, accompanies the deed at the time of its offer for recordation.

(d) Property transferred to a qualifying nonprofit housing organization shall be exempt from the real property tax pursuant to section 1 of An Act To define the real property exempt from taxation in the District of Columbia, approved December 24, 1942 (56 Stat. 1089; D.C. Code, sec. 47-1002), through the end of the 1st tax year following the year in which the property was transferred to the organization if a return under oath, certifying the organization's intent to transfer the property within 1 year to a household (or to households in at least 35% of the units in a multifamily property) subject to the income limitations and conditions of transfer described in section 3, accompanies the deed at the time of its offer for recordation.