Government of the District of Columbia
Office of the Chief Financial Officer

Glen M. Lee
Chief Financial Officer

TAX ABATEMENT FINANCIAL ANALYSIS

TO:	**The Honorable Muriel Bowser** **Mayor, District of Columbia** **The Honorable Phil Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Glen M. Lee** **Chief Financial Officer**
DATE:	**September 16, 2024**
SUBJECT:	**Tax Abatement Financial Analysis- "Glasker Homestead Tax Abatement Amendment Act of 2023"**
REFERENCE:	**Bill 25-0433**

Findings

The "Glasker Homestead Tax Abatement Amendment Act of 2023" (the "Bill") would exempt the real property located at 4404 New Hampshire Avenue NW, known for assessment and taxation purposes as Lot 41, Square 3247 (the "Property"), from all unpaid taxes, interest, and penalties between tax years 2019 to 2024, as well as a 2023 special assessment. Based on the current and projected financial position and employment statuses of Andrew and Bryan Glasker (collectively referred to as the "Applicants"), the Office of the Chief Financial Officer (OCFO) finds that the abatement is financially necessary for the Applicants to continue to retain ownership of their Property. Otherwise, it is unlikely the Applicants will be able to cover the accumulated tax liability on the Property.

Background

The Applicants are two brothers who own and resided in a rowhouse located at 4404 New Hampshire Avenue NW (the "Property"). Along with their mother, Bertha Glasker, and Gladys Johnson, the Applicants owned the Property free of any mortgage – and received the Homestead Deduction, Senior Citizen Property Tax Relief – until 2019 when their mother passed. The Senior Citizen Tax Relief was removed from the Property at the end of Tax Year ("TY") 2019 as a result of the mother's death. However, the Property received the Homestead Deduction beginning in TY2020 and received the Disabled Property Tax Relief beginning with the second half of TY2022. In March 2020, a two-alarm fire broke out in an adjacent rowhouse, causing severe damage to the Property, which was uninsured.

The Applicants continued to live in the damaged home until 2023, when the Property was determined to be uninhabitable by the DC Department of Buildings (DOB) due to structural instability and other environmental conditions (the Applicants are presently living in the District's short-term rapid rehousing program, while they search for a more permanent housing solution). The DOB imposed a special assessment of $9,678.99 related to their inspection costs, and, as a result of Property's condition, DOB re-classified it from a residential (Class 1) to a blighted (Class 4) status, resulting in an increase in the tax rate.

Ever since the Applicants fell delinquent on their taxes, they have periodically made partial payments towards the Property's taxes, but so far these payments have been insufficient to fully cover the accumulating tax liability from penalties, interest, and the change in rate class. Despite the ongoing tax delinquency, the Property was kept out of the District's real property tax sale due to the policy of the Office of Tax and Revenue (OTR) to exclude occupied properties during the COVID-19 pandemic (in TY2021), and approval of Forbearance Applications (between TY2022 to TY2024).

Financial Analysis

(A) Terms of the Abatement

The Bill would exempt the Property from the unpaid portion of taxes, interest, and penalties between TY2019 through TY2024 up to $300,000, from special assessments imposed in TY2023 up to $10,000, and provide OTR with the authority to extend the exemption through TY2025 if, as of October 1, 2024, an interest in the Property is owned by one or more probate estates pending distribution to heirs or devisees of a decedent .[1]

(B) Value of the Abatement

The Bill's proposed tax relief for the Property is estimated at approximately $204,168 through the financial plan period as presented in Table 1. This accounts for the current unpaid property tax liability and the 2023 special assessment, along with interest and penalties accumulated through TY2025.

As there currently are no probate estates open on the Property, OTR has discretion to extend the exemption for TY2025 if this condition is met. An estimate of the value of the property tax exemption through TY2025 was included separately in Table 1. The estimate assumes the Property will continue to be taxed under the blighted (Class 4) tax rate.

[1] The Applicants claim they presently have title to the Property, and there currently are no probate estates open on the Property.

Table 1: Estimated Value of the Proposed Tax Abatement

4404 New Hampshire Avenue NW (Lot 41, Square 3247)	**Prior to FY2024**	**FY2024**	**FY2025**	**Total**
Real Property Tax, Penalties, Interest and Special Assessment (TY24 and prior)	$91,066	$86,525	$26,576	$204,168
Real Property Tax (TY25)	$0	$0	$71,840	$71,840

The Exemptions and Abatements Information Requirements Act of 2011 requires certain information from the applicant pertaining to political contributions and contracts held by the applicant if the total estimated value of the abatement or exemption is $250,000 or more. According to the Applicants, no political contributions have been made, nor are the Applicants involved contractually with the District of Columbia.

(C) Purpose of the Abatement

According to the Applicants, the purpose of the tax abatement is to provide the financial means for them to renovate and then reinhabit, sell, or take out a reverse mortgage on the Property, which would allow them to avoid homelessness and/or utilize the equity in the Property as a source of future living expenses.

(D) Summary of the Proposed Community Benefits

A summary of proposed community benefits was provided by the Applicants in Attachment A.

(E) Financial Analysis and Advisory Opinion

OCFO interviewed the Applicants regarding their income and net assets, and reviewed the documentation submitted for verification.

Both Andrew and Bryan Glasker are currently unemployed and have been looking for work for over a year; neither collects ongoing employment income or unemployment benefits. Andrew's sole source of income is the Social Security disability benefits he collects on a monthly basis, and Bryan does not have any source of income. Both Applicants currently receive benefits from the Supplemental Nutrition Assistance Program and DC Medicaid, neither of which can be used as an additional source for property tax payments. Aside from the equity the Applicants have in the Property, they have very limited assets as represented by the balances in their bank or mobile payment accounts.

It is unclear when the Applicants will secure employment, and whether the employment obtained could generate sufficient income for them to afford making payments that prevent the Property from falling into tax sale. Given the current elevated level of tax liability on the property, as well as the Applicant's current assets and uncertain future income, it is possible that the Property may go into future District tax sales after TY2024 without further forbearance from OTR.

Furthermore, regardless of their employment status, there is significant risk the Applicants will not earn enough income to cover the delinquent tax liability of $204,168, obtain a renovation loan to bring the Property to habitable standards, and cover living expenses all at the same time. In that scenario, not only would the Applicants likely remain housing insecure while the Property undergoes renovation (they are currently petitioning to have their rapid rehousing extended beyond the program duration), but they are also unlikely to qualify for a reverse mortgage while there is a tax lien outstanding. For those reasons, the OCFO finds the tax abatement financially necessary.

Conclusion

Based on the Applicants' current and projected financial position, the accumulated tax liability on the Property, and their uncertain prospects on future income to provide housing security, the OCFO finds the abatement financially necessary for the Applicants to retain ownership of the Property, which will give them the opportunity to renovate it into a long-term option for shelter and financial support.

Attachment A: Summary of Community Benefits

COUNCIL OF THE DISTRICT OF COLUMBIA
JOHN A. WILSON BUILDING
1350 PENNSYLVANIA AVENUE NW
WASHINGTON, DC 20004

JANEESE LEWIS GEORGE
Ward 4 Councilmember
Chair of the Committee on
Facilities and Family Services

COMMITTEE MEMBER
Committee on Transportation and the Environment
Committee on Executive Administration and Labor
Committee on Public Works and Operations

September 3, 2024

Glen Lee, Chief Financial Officer
D.C. Office of the Chief Financial Officer
1350 Pennsylvania Avenue, NW
Suite 203
Washington, DC 20004

Re: Summary of Proposed Community Benefits of B25-0433, Glasker Homestead Tax Abatement Amendment Act of 2023

Mr. Lee,

I write to explain the public policy goals and expected outcomes of B25-0433, Glasker Homestead Tax Abatement Amendment Act of 2023. This legislation would forgive unpaid real property taxes and assessments on a distressed property located at 4404 New Hampshire Avenue, NW, in Ward 4. This would be in the general interest of Ward 4 and the District of Columbia. For many years, Ms. Bertha Glasker lived with her adult sons in a rowhouse at 4404 New Hampshire Avenue (the "Glasker Homestead"), which has been in the family since 1973. Bertha Glasker and her children jointly owned the Glasker Homestead free of any mortgage, and in recent years the property received tax relief for homes owned by seniors and people with disabilities.

In 2019, Bertha Glasker died at the age of 86. Following her death, her sons Andrew and Bryan Glasker continued to live in the home. Their sole source of income is social security disability benefits (SSDI).

Following Ms. Glasker's death, the Office of Tax and Revenue denied an application to continue the senior and disabled property tax relief. Without this relief, the tax bill doubled and the Glaskers fell behind on their taxes in 2019. In 2022 they re-applied for the senior and disabled property tax credit using the same documentation as before, and this time their application was approved—but with prospective effect only. The Glaskers continue to pay what they can, but their payments are still being applied to the 2019 tax bill and they have not yet begun to pay property taxes for 2020 through 2023. The District has offered the Glasker Homestead at tax sale auctions, with no bidders.

But the Glaskers face a more pressing setback. On March 7, 2020, a two-alarm fire started at an adjacent rowhouse and spread to the Glasker Homestead, causing severe damage. The Glasker Homestead was not insured. With no place to go, Andrew and Bryan Glasker continued to live in the damaged home for nearly three years.

On February 7, 2023, DC Fire and Emergency Medical Services responded to a report of a gas leak in the 4400 block of New Hampshire Avenue, NW. Firefighters determined that gas was leaking from the Glasker Homestead and, once inside, encountered large holes in the ceiling, rotting floors, structural instability, and unsanitary conditions in the bathroom and eating areas. Until the gas leak, the extent of the damage to the property had been unknown except to the Glaskers.

The Department of Buildings declared the rowhouse uninhabitable, boarded it up, and imposed the costs of the abatement as a special assessment on the Glasker Homestead. In its current condition, the Glasker Homestead poses a structural danger to the adjacent rowhouses.

DOB also classified the Glasker Homestead as vacant and blighted property. This classification, along with the automatic revocation of the homestead deduction and senior/disabled property tax relief, has put the annual property taxes far beyond the Glaskers' ability to pay.

Despite the extensive damage to the property in the 2020 fire, the tax-assessed value of the Glasker Homestead building (excluding land) increased from $170,920 in 2020 to $215,930 in tax year 2024. The Glaskers did not appeal the assessed value of their property.

Since the gas leak my staff, the Red Cross, and District agencies have assisted the Glaskers with their immediate needs. For a short time, they stayed in a hotel room. At this date, the Glaskers are staying at a low-barrier shelter for homeless men while awaiting a Rapid Rehousing placement through the Department of Human Services. In addition, a caseworker with the Department of Aging and Community Living has provided support through the traumatic loss of of their home.

Remarkably, even after the gas leak, the Glaskers have kept paying what they can toward the taxes on their homestead. The Office of Tax and Revenue has cashed at least two more paper checks of $58 each. OTR agreed to exclude the Glasker Homestead from the 2023 tax sale list.

The Glaskers do not want to sell the home, yet they can neither inhabit nor afford to repair it. This legislation would forgive the unpaid taxes so that, in the event of a sale, the Glaskers would retain the proceeds and have a source of money for their future living expenses. Otherwise, the District's treasury will consume the equity in a property owned by a Black family for decades—an unconscionable result that would leave the Glaskers to face chronic homelessness and also prolong the blight.

Under these extraordinary circumstances, I believe it is appropriate to legislatively forgive the unpaid amounts of property taxes, including interest and late-payment penalties, and the assessment imposed by DOB. This will allow the Glaskers to benefit from any equity left in the family property and allow the property to be fixed up more quickly, saving the neighboring rowhomes from additional damage.

In service,

Janeese Lewis George

Councilmember Janeese Lewis George