

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



**Fitzroy Lee**  
Acting 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:** Fitzroy Lee  
Acting Chief Financial Officer

A handwritten signature in black ink that reads "Fitzroy Lee".

**DATE:** April 18, 2022

**SUBJECT:** Tax Abatement Financial Analysis (TAFA): "CCNV Real Property Tax Relief Amendment Act of 2022"

**REFERENCE:** Draft Subtitle Provided April 5, 2022

---

**Findings**

The subtitle provides a real property tax abatement for property owned by the Community for Creative Non-Violence (the Applicant), a non-profit organization. The abatement would forgive real property tax liability for tax year 1994 assessed prior to the effective date of the tax exemption that the Applicant received for the property, as well as penalties and interest that have accrued since that time.

OCFO finds that the abatement is necessary for the Applicant to meet its fiscal needs. The Applicant does not have the financial resources to pay the outstanding real property tax payment.

**Background**

The abatement forgives back taxes, penalties and interest owed on 12 properties known for tax and assessment purposes as Lots 8, 29, 30, 33, 34, 35, 806, 807, 808, 809, 812 and 813 in Square 571 (the Property). The Applicant owns the Property, located on E Street NW between First and Second Streets NW. The Applicant is a tax-exempt charity under section 501(c)(3) of the Internal Revenue Code that operates the Federal City Shelter in an adjacent property, 425 2<sup>nd</sup> Street NW, owned by the District, and provides services to its clients experiencing homelessness. The Property serves as a surface parking lot, providing free parking to the Applicant's volunteer staff and independent service providers. The Property also includes a building that houses training and other service programs that the Applicant provides through its partners.

The Applicant acquired the Property in December 1993 from the Federal Government through the McKinney-Vento Homeless Assistance Act. The Applicant received a tax exemption that became effective in tax year 1995 (beginning October 1, 1994) and has maintained the Property as exempt since that time. However, the real property taxes assessed for the period December 1993 through September 1994, which arose prior to the effective date of the exemption, remained unpaid and have accrued penalties and interest to the present.

**Financial Analysis**

The Exemptions and Abatements Information Requirements Act of 2011 requires the analysis provided by the Office of the Chief Financial Officer (OCFO) to contain certain information. The required information is included below.

(A) Terms of the Abatement

The abatement would provide forgiveness for real property taxes, interest, penalties, fees and other related charges assessed against the Property for tax year 1994.<sup>1</sup>

(B) Value of the Abatement

Table 1 provides the amount of the tax liability as of March 30, 2022. The total includes \$216,131 in real property taxes and \$133,022 in penalties and interest. The Property continues to accrue penalties and interest while the tax liability is unpaid.

**Table 1: Estimated Value of the Proposed Tax Abatement**

|                                 | Prior Years | FY 2023 | FY 2024 | FY 2025 | FY 2026 | Total to FY26 | Total FY26-51 | Total     |
|---------------------------------|-------------|---------|---------|---------|---------|---------------|---------------|-----------|
| <b>Abated Real Property Tax</b> | \$349,153   |         | \$0     | \$0     | \$0     | \$349,153     | \$0           | \$349,153 |

(C) Purpose of the Abatement

The purpose of this tax abatement is to provide tax relief to the Applicant unavailable through administrative means.

(D) Summary of the Proposed Community Benefits

The community benefits provided by the Applicant are provided in Attachment A.

(E) Financial Analysis and Advisory Opinion

The Applicant provided the organization’s most recent audited financial statements, from fiscal year 2019,<sup>2</sup> and confirmed that the organization’s financial position has not materially changed since then. From the date of the abatement bill’s introduction to the date that the TAFA is provided to the Council,

<sup>1</sup> The April 5 subtitle draft identifies the tax year incorrectly as 1995, not 1994.

<sup>2</sup> CCNV’s fiscal year ends December 31.

the Applicant has not made and does not plan to make any contributions to any person, committees, or programs listed in D.C. Official Code § 47-4701(b)(1)(C-i). Other than the Licensing Agreement referenced in Attachment A, the Applicant will not seek or hold any contracts as defined in D.C. Code § 1-1161.01(10C)(A)(ii) with the District. The Applicant operates as a volunteer-run organization with limited cash revenues. The District provides the use of the shelter facility rent free and services are provided in kind. The Applicant’s annual revenues and current assets are less than the current outstanding tax liability. The Applicant is unlikely to be able to finance this one-time expense, given that it does not have a relationship with a lender and does not have future revenues or assets to pledge for repayment of any debt and as a result, the Applicant has not pursued alternative financing. Therefore, the Applicant would be unable to pay its tax liability without either significant additional fundraising or the abatement.

**Conclusion**

The abatement is necessary for the Applicant to meet its fiscal needs because the organization does not have the financial resources to pay this tax liability.

## **Attachment A**

### **Summary of Community Benefits Provided by Applicant**

CCNV's mission is to ensure that the rights of the homeless and the poor are not infringed upon and that every person has access to life's basic essentials (i.e., food, shelter, clothing, and medical care.) CCNV is also committed to protecting the rights of the homeless, advocating on the behalf of the underserved, and preparing homeless men and women to re-enter mainstream society as skilled and productive citizens. This is what CCNV try to provide to the public through our shelter services program. For the last 32 years CCNV has been doing this with an all-volunteer staff (no employees) and donations for the public for Operating Funds. The DC government through a license agreement provides the shelter space to accommodate 700+ client daily in Federal City Shelter. CCNV truly cannot and never could afford this 1994 property tax bill and the added interest on the 12 Title V lots we own. We need help with this.