

TENAC

Testimony of Jim McGrath, Chairman
DC Tenants' Advocacy Coalition (TENAC)
Before the DC Tax Revision Commission
One Judiciary Square
June 24, 2013

Good evening members of the Commission. I appear before you as a generalist and a rank amateur *vis a vis* the outstanding experts on District Taxation policy testifying here today. Nonetheless, TENAC is keenly interested in fair taxation in this city, and we have long supported efforts in that regard. Specifically I commend the efforts of the DC Fair Budget Coalition, and the DC Fiscal Policy Institute under the distinguished leadership of Ed Lazere, and of Keshi Ladduwahetty, Chair of DC for Democracy. We have heard them speak, attended their meetings, and made modest financial contributions to their efforts as our means allow.

TENAC is the lead tenants advocacy organization in the District at the grass roots level. We work closely with the city's Office of Tenant Advocacy (OTA), under the distinguished leadership of Johanna Shreve, Chief Tenant Advocate for the District. This is a city of renters. Fully two-thirds of our residents live in rental housing. Our primary mission is on their behalf. To that end, we work tirelessly for rent control, affordable housing, and tenant rights. Through the TENAC Hotline (202-628-3688), which answers tenant questions and addresses tenant problems, our meetings at the Sumner School, testimony before the Council on tenant matters, and candidate forums we constantly strive to serve tenants in this city. We are also on the web and we have an e-mail address (see below).

Our primary and long-standing concern is housing affordability at a time when this city is rapidly becoming unaffordable except for upper income people. Surely taxation policy plays a role in that equation. Far too many housing providers have a welcome sign out for the wealthy and an exit sign out for the poor, low-income, fixed-income, students, and others of limited means. The mayor, the Council, and other leaders need to remember that this is not Boca Raton, East Hampton, Palm Springs, or Martha's Vineyard, we are the Nation's Capitol, and we should be setting a standard for affordable housing.

We have a rent control law, but rents are out of control. We have a politically-stated goal to make DC an "age-friendly" city, sky-high rents are anything but "age-friendly" especially to our senior citizens. We have many liberal, progressive voices in our midst, but they don't prevent evictions, rent-gouging, and people paying a vastly disproportionate percentage of income for housing. We have HUD guidelines for appropriate expenditure amounts of income for rental housing, but there is no enforcement. \$1500 a month for a rinky-dink efficiency apartment is not rent control; \$2,000 plus for a tinker-toy one-bedroom apartment is not rent control, sky-high entry level rent is not rent control.

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Landlords have a favorite mantra out there. It's called "market rate," especially for rental housing. But the "market" has become a casino and the landlords are breaking the bank at Monte Carlo. Leadership in this city, and all across the country for that matter need to remember that housing is not a commodity. We are not talking about oil futures, gold bullion, or pork bellies; we are talking about the roof over people's heads, the *sine qua non* for survival here and everywhere else. Surely taxation policy has a role here, perhaps in the form of a rental-housing rebate, but with mandatory allocation of tax savings applied to affordable housing.

Heretofore, I have spoken in general terms. Let me be highly specific for a moment. Fees are a first-cousin to taxes. The DC Office of Corporations does not differentiate non-profit organizations from big business. They are both charged the same fees for incorporation—the last time I looked, \$75. But non-profits are not big business; they are non-profits. Some tenant associations have barely \$75 in their treasuries. Is it fair that they be charged the same incorporation fee as PEPCO.

Let me be even more specific. The 10% tax on restaurant meals is too high. Growing up in Boston, it was 3%. Elsewhere it is 5%. Why is it 10% here? I think of a legendary business in this city, now gone alas. I speak of Sholl's Cafeteria, which in so many ways was more of an institution than a business. In many other ways it was more of a non-profit than a business. Sholl's gave away enough free food to poor and homeless people to feed an army a hundred times over. They were in business in DC for almost 75 years until they were forced to close their doors.

Several factors caused that tragic outcome. Greedy landlords were one key element. The 10% meals tax was another. Poor and low-income people flocked to Sholl's. When 50 cents out of a \$5 tab went for taxes, that really hurt. Sholl's kept their prices so low 50 cents got you a bowl of oatmeal and a cup of coffee. I and several others worked very hard to keep them open, but when your adversaries include not only landlords at the city itself, unfortunately that's an unbeatable combination.

Fair taxation would have helped then; it can certainly help now. We can't bring Sholl's back, but we could help prevent other unfortunate closures.

Thank you.

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