



CNHED

Coalition for Nonprofit Housing and Economic Development

**Testimony of Robert Pohlman, Executive Director
Coalition for Nonprofit Housing & Economic Development
Before the D.C. Tax Revision Commission
November 12, 2013
1101 4th Street, SW, Room W250**

Good evening Chairman Williams and members of the D.C. Tax Revision Commission. My name is Robert Pohlman, and I am the executive director of the Coalition for Nonprofit Housing and Economic Development (CNHED). We are a membership association of nonprofits and mission driven for profits involved in the production and preservation of affordable housing and neighborhood based economic development in the District of Columbia. Our members rely heavily upon the District's Housing Production Trust Fund to produce and preserve affordable housing.

CNHED has from more than a decade supported legislation, initially proposed in 2001 by then Mayor Anthony Williams, to dedicate 15 percent of the District's Deed Recordation and Transfer Taxes to the City's Housing Production Trust Fund. Since 2002 the Fund has financed the production or preservation of more than 8,000 affordable homes and generated well over a billion dollars of development in the District. As the District's real estate values and number of sales and transfers have increased, the dedicated tax has provided a revenue stream commensurate with that growth in the tax base.

Because of the importance of the Housing Production Trust Fund as the District's primary tool for the production and preservation of affordable housing, we are opposed generally to any reduction in the Deed Recordation and Transfer tax revenue that would in turn reduce dedicated funding. However, changes that are at least revenue neutral, and would make the tax more progressive and/or equitable, are worthy of consideration in our view. Thus eliminating the "notch" effect while creating a more progressive rate structure, as proposed in Policy Option #58, seems to have merit, particularly as it applies to residential properties. We would be concerned however about the impact on small start-up businesses seeking to acquire property if the same more progressive rate structure based on property values used for residential properties was also applied to commercial properties. A progressive structure for commercial property could be appropriate, but should be structured to avoid adverse impact on smaller businesses, just as the progressive structure for residential properties should avoid adverse impact on lower income homebuyers.

We intend to provide additional comments to the Commission on the other policy options being considered for the Deed Recordation and Transfer Taxes after we have had the opportunity to review the proposals further.

Thank you for the opportunity to testify.