



chairman's update

the NEWSLETTER of
DC Council Chairman Phil Mendelson

1350 Pennsylvania Ave, NW, Suite 504
Washington, DC 20004
(202) 724-8032

Addressing Affordability in the FY 2019 Budget

I am proud of the budget proposal unanimously approved by the Council on first reading. The draft committee print reflects the hard work of the Council's committees; very little of what they recommended was changed. And, working with the fine staff in the Council's Office of the Budget Director, I added initiatives that are worth bragging about.

In a word, I would describe our work on the budget as once again addressing affordability. Between the committees and my mark we are adding over \$15 million – above the Mayor's proposal – for Local Rent Supplement, Permanent Supportive Housing, Transitional Housing, Targeted Affordable Housing, a so-called "shallow subsidy" for seniors, and emergency rental assistance. We get it that homelessness and affordable housing is in crisis, and we are adding resources at a level we believe the Executive can and will actually implement.

Recognizing that affordability is not just a challenge for residents but also for small businesses, we are providing real property tax relief in two ways. First, we are expanding the \$1.65 commercial rate to all properties valued under \$5 million; the current limit is \$3 million. Second, we are creating a so-called "Schedule H" for all retail businesses with less than \$2.5 million in sales, whereby these businesses will be able to obtain a \$5,000 refundable credit on their franchise tax. I think this is a big deal, and it establishes a framework for future efforts to expand tax relief to our small businesses.

A third important initiative through this budget is to finally establish dedicated funding for the arts. Approximately .3% of one-cent of the general sales tax will be set aside – about \$30 million a year. This is about the same level as the Mayor's proposed budget for Fiscal Year 2019, except the dedicated funding will be recurring which much of the Mayor's proposal is not. The arts are important economic drivers to our economy and improve a richness and diversity in our city that we celebrate.

Fourth, this budget supports the District's commitment to dedicate new funding for Metro's capital needs. The Mayor sent a request for approximately \$77 million in new taxes, and we honor that commitment although with some revisions to the incidence of the tax. The regional commitment to Metro – about which the District has been at the forefront – is a big deal to improving safety and reliability and thereby helping residents and businesses both.

Finally, through the work of the committees the Council is expanding or improving many initiatives that are important to quality of life, such as access to justice and access to fresh, healthy foods, and improving our roads and streetscapes. We also continue to address the financial resources needed to improve public education – inside the classroom as well as the overall facilities. In the end, this may be the most important aspect of this budget: that public education is arguably the most important service government can provide since it enables the children of our future to achieve their American dream.

A budget is a blueprint. With this blueprint we have a good plan for the city next year. The affordability challenge is daunting, but with this budget we are making progress.

Constituent Services Corner

A constituent reached out to the Constituent Services team about the removal of a city tree that could become hazardous to homes and neighbors in Ward 3.

The constituent informed the team that Urban Forestry had marked the tree as dead over 10 months ago, yet it had not been removed.

That's when our team went into action.

After reaching out to the Department of Transportation, our team determined that the emergency work to remove the tree was scheduled to occur after another a month, but with our help, it was removed in less than a week.

If you're stumped by a dead tree problem call us today, our constituent services team will treat you right.

**Contact our
Constituent Services
Team at
(202) 724-8032**

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TOPA CHANGES HELP DISTRICT HOUSING NEEDS

There has been a lot of disinformation about a change to the Tenant Opportunity to Purchase Act (TOPA) that the Council overwhelmingly approved last month.

Changing TOPA to exclude single-family homes and individual condominium units will help the affordable housing crisis. Why? Because more homeowners will be willing to rent rooms – like basement flats.

Unfortunately, TOPA has become a tool used by some to slow the process for homeowners to sell their houses or condos when there is a tenant, even when the tenant would not be displaced. What was clear from a public hearing last fall is that homeowners are unwilling to rent out because they don't want to get caught up in TOPA when they want to sell. So fewer units are available. This is exacerbating our housing crisis.

The current TOPA law was intended to help tenants in apartment buildings. What has been the benefit to tenants in single family houses and condos? Well, data dating to 2009 shows that an average of about 4 tenants use TOPA each year. Last year there were 1,271 sales subject to TOPA (i.e., where there was a tenant given the right to purchase), but only 5 resulted in a TOPA sale. That equals .4%.

Hundreds of possible in-home rentals are kept off the market because of a process, TOPA, that less than five tenants exercise each year.

Meanwhile, bad actors have established a lucrative cottage industry whereby they use TOPA to get a buy-off from the homeowner by threatening to delay the sale (which TOPA does) with no intention of ever buying. This works because individual homeowners don't want to wait six months or longer to sell their house.

TOPA is not a discount program. All that the law provides is an opportunity – a right of first refusal – to buy the house or condo unit that they rent. The bill just passed still requires advance notice to tenants if and when an owner wants to sell. I believe most homeowners probably prefer to sell to their tenant because that is quicker and may reduce a realtor's sales commission. So I don't see that tenants in single family houses and condos are disadvantaged.

Unless the goal is to extract a buy-out from the owner. I don't think we should encourage that through the law. Especially when it means there are fewer affordable apartments on the market.

Changing TOPA in the limited way we did will help with the affordable housing crisis.

*Upcoming Hearings of
the
Committee of the
Whole*

***Additional
Committee of the
Whole Meeting
May 29, 2018
10 a.m. in Room 500***

***Legislative Meeting
May 29, 2018
11 a.m. in Room 500***

***Legislative Meeting
June 5, 2018
10 a.m. in Room 500***

***Targeted Historic
Assistance
Amendment Act of
2017 (B22-434)
June 21, 2018
9:30 a.m.
in Room 412***

***To Sign Up to Testify
Contact the Committee at
(202) 724-8196
Or email
cow@dccouncil.us***



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