

D.C. TAX ASSESSMENT OF REAL PROPERTY OWNED BY HOUSING COOPERATIVES

EXCERPT FROM DISTRICT OF COLUMBIA OFFICIAL CODE 2001 EDITION

DIVISION VIII. GENERAL LAWS.

TITLE 47. TAXATION, LICENSING, PERMITS, ASSESSMENTS, AND FEES.

CHAPTER 8. REAL PROPERTY ASSESSMENT AND TAX.

SUBCHAPTER II. AUTHORITY AND PROCEDURE TO ESTABLISH REAL PROPERTY TAX RATES.

§ 47-820.01. Assessments--Improved residential real property owned by cooperative housing association; reports by association; Mayor to issue rules.

(a) Except as otherwise provided by subsection (b) of this section, the assessed value of improved residential real property owned by a cooperative housing association, for the tax year beginning July 1, 1990, and for each subsequent tax year, shall be:

- (1) (A) The aggregate estimated market value of the proprietary leases, stock, or other interests in the cooperative housing association as of January 1 preceding the date of assessment; or

(B) If the Mayor lacks sufficient information upon which to arrive at the aggregate estimated market value of the proprietary leases, stock, or other cooperative interests in the real property, then an amount equal to the estimated market value of the real property assessed as if it were a condominium determined by use of the comparable sales approach, multiplied by 70%;
- (2) Minus the value of all non-real property assets owned by the cooperative housing association; and
- (3) Multiplied by 65%.

(b) The assessed value of any improved residential real property owned by a cooperative housing association determined pursuant to subsection (a) of this section may be adjusted to take into account any or all of the following factors, as appropriate and to the extent the factors were not taken into account in determining the assessed value of the real property pursuant to subsection (a) of this section:

- (1) Substantive defects in the property, especially as they affect the common elements, which have not been repaired or which may not be economically correctable;
- (2) The existence of bona fide lifetime or long-term leases to elderly or low income tenants;
- (3) Any other unusual factor including, but not limited to, facts showing that the assumed 1-year sell-out period is an unreasonably low estimate; and
- (4) Special factors related to limited equity cooperatives.

(c) The adjustment required by subsection (a)(3) of this section is based on the following factors common to all sales of improved residential real property owned by cooperative housing associations and uses 1

year as the period of time necessary for the purchaser of the real property to sell out the proprietary leases, stock, or other cooperative interests in the real property:

- (1) A discount of the ultimate receipts to present value;
- (2) Interest expenses during the 1-year sell-out period;
- (3) Taxes during the 1-year sell-out period;
- (4) Other operating expenses during the 1-year sell-out period including carrying charges, maintenance, and utilities;
- (5) Marketing expenses;
- (6) Other costs incurred in connection with acquisition of the real property and the reselling of the proprietary leases, stock, or other cooperative interests in the real property including financing points, project appraisal fees, surveys, and legal costs;
- (7) Profit; and
- (8) No further adjustment for any of these factors shall be allowed except as provided in subsection (b)(3) of this section.

(d) (1) The Mayor may require a cooperative housing association to make a one-time submission of, and to provide an annual update to report any changes to, the following information in regard to real property owned by the cooperative housing association:

- (A) The type of cooperative;
- (B) The unit mix in the cooperative;
- (C) The number of balconies or terraces;
- (D) The total number of parking spaces, including whether they are interior or exterior;
- (E) For each unit in the cooperative:
 - (i) The number of shares or percentage interest attributable to the unit;
 - (ii) The floor location;
 - (iii) The unit exposure;
 - (iv) The square footage, if known;
 - (v) The number of rooms, excluding kitchens and bathrooms;
 - (vi) The number of bathrooms;
 - (vii) Any parking space, whether interior or exterior, and whether it is included in the purchase price; and
 - (viii) The most recent date on which the shares attributable to the unit transferred;

(F) The square footage of the common areas, if known;

(G) In regard to any existing cooperative blanket mortgage:

(i) The original amount of the blanket mortgage;

(ii) The interest rate; and

(iii) The maturity date; and

(H) The total number of shares or percentage interest purchased and held by the cooperative housing association.

(2) If the cooperative housing association fails to submit the information within the time and in the form prescribed, there shall be added to the real property tax levied upon the property in question, for the next ensuing tax year, the amount of 10% of the tax, except that when the information is provided after the time prescribed and it is shown that the failure to provide it was due to reasonable cause, no addition shall be made to the tax.

(3) All information submitted by a cooperative housing association owner to the Mayor pursuant to this subsection shall be accorded the same confidentiality as that applied to District of Columbia income tax returns under § 47-1805.04, and any violation of confidentiality shall be punishable as provided in § 47-1805.04(e).

(e) The Mayor shall, pursuant to subchapter I of Chapter 5 of Title 2, issue proposed rules to implement the provisions of this section. The proposed rules shall be submitted to the Council for approval, in whole or in part, by resolution.