

WRITTEN TESTIMONY TO DC TAX REVISION COMMISSION

Re: ***Lowering Real Property Deed Recordation & Transfer Taxes to Rates Comparable to Neighboring Jurisdictions***
&
Lowering Recordation Taxes for First-Time Homebuyers

Good evening Chairman Williams and Commissioners. My name is Katalin Peter.

While I am here testifying as a private citizen, renting an apartment on 16th Street, I am also a staff attorney for the DC Association of REALTORS®. I work diligently to improve opportunities for homeownership throughout the District.

For all intents and purposes, I ***should*** be the ideal candidate to become a DC homeowner. Unfortunately, this is not the case—**and DC's high deed recordation & transfer taxes DO play a large part.**

Let me begin by stating I understand the value of taxes to a community. Ongoing property taxes particularly go a long way towards ensuring our neighborhoods have necessary public services and amenities to allow residents a great place to live. DC's plethora of human services, first class transportation, and government supported economic development more than justify the current residential property tax rate. After spending my childhood in New Jersey, I've seen high property taxes, and DC's don't come close.

DC's extraordinarily high recordation and transfer taxes, however, are a different story. They are a significant barrier to becoming a homeowner.

As a personal illustration, I've been saving after nearly a decade of renting to purchase a one-bedroom condo in the District, around \$300,000. When I managed to slowly put together what I *THOUGHT* would cover the down-payment, I figured the rest couldn't be *THAT* hard. After all, I know plenty of REALTORS® and can navigate financing considerably well.

But closing costs add up quick. Even with a REALTOR® friend willing to help me for **free**, the District government is piling on about \$3,300 of recordation and transfer taxes for the modest homes I'm looking at, in addition to the Recorder of Deeds fee.

Moreover, if my partner and I want to move to a two-bedroom (let's say around \$450,000) in a few years to start a family, we would be looking at \$3,300 to cover the transfer tax cost of selling the smaller condo and nearly \$7,000 at the higher rate on the new home's recordation taxes. The math is simple—DC pockets over \$10,000 on a SINGLE transactional or "DO NOT PASS GO" tax.

As far as government assistance goes, my very moderate income at a non-profit –even as an attorney---puts me *just* outside the income brackets to qualify for most of District programs aimed at purchasing a home. It doesn't help that DC's first-time tax credit also no longer exists.

So, I ask, why does DC has such a high barrier to entry? Commissioners, please make it easier for those of us that want to plant our roots and purchase a home here.

I understand lowering recordation and transfer taxes may not be high on your priorities list, however, a little relief could go a long way.

I would either recommend an additional break for the first-time homebuyer, or making DC's rates more comparable to our neighbors. A few thousand dollars saved in down payment costs can help those who have made serious commitments to improving the District for others benefit from their fruits of our labor.

For now, homeownership is out of reach, but I hope you at least take these comments under consideration.

Thank you for your time and dedication to making the District's tax structure more equitable and transparent.

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