

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

*Codification  
District of  
Columbia  
Official Code*

2001 Edition

2007 Fall  
Supp.

West Group  
Publisher

To amend the Rental Housing Conversion and Sale Act of 1980 to exempt a transfer of interests for the purposes of utilizing historic preservation tax credits to improve or renovate real property that is located at 733 15th Street, N.W., and is not occupied by residential tenants.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Historic Preservation Tax Credit Partnership and Limited Liability Company Clarification Amendment Act of 2007".

Sec. 2. Section 402(c)(2) of the Rental Housing Conversion and Sale Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3404.02(c)(2)), is amended by adding a new subparagraph (H-i) to read as follows:

Amend  
§ 42-3404.02

"(H-i)(i) A conveyance or re-conveyance for a project that improves or renovates the real property located at 733 15th Street, N.W. (Lot 22, Square 222), commonly known as "The Woodward Building," if:

"(I)(aa) It was operated as an office building until being vacated by commercial tenants to accommodate rehabilitation of the building;

"(bb) It was or is being redesigned for residential tenants, having previously not been designed for such use; and

"(cc) It was not occupied by residential tenants at the commencement of the project or as of the effective date of this subparagraph;

"(II) Its zoning is appropriate for its proposed residential use;

"(III) There is a conveyance by 15th and H Street Associates, LLP to the Master Tenant by entering into a master lease with the Master Tenant for the purpose of utilization of historic tax credits for the improvement or the renovation;

"(IV) 15th and H Street Associates, LLP:

"(aa) Submits a complete application for historic tax credits to the U.S. Department of Interior, National Park Service;

“(bb) Receives approval of part 1 and part 2 of the application; and

“(cc) Pursues approval of part 3 of the application in good faith;

“(V) There is a re-conveyance of the ownership interests within 120 months of the commencement of the project to 15th and H Street Associates, LLP, which re-conveyance restores the ownership interests in 15th and H Street Associates, LLP as existing at the commencement of the project (subject to any other transfers otherwise exempt under this section) and terminates the interest of the Master Tenant in the real property;

“(VI) 15th and H Street Associates, LLP does not sell the real property to the Investor Member except as permitted by this subparagraph;

“(VII) A Notice of Transfer is issued in accordance with subsection (d)(1)(A) of this section; and

“(VIII) Prior to the execution of a residential lease for the building, which execution occurs prior to the re-conveyance provided for in sub-sub-subparagraph (IV) of this sub-subparagraph, the proposed tenant receives a written notice, on a single page, in a minimum 14-point bold Times Roman font, that:

“(aa) 15<sup>th</sup> and H Street Associates, LLP has entered into a master lease with the Master Tenant for the purpose of utilizing historic tax credits;

“(bb) Within 120 months of the execution of the master lease, there may be a re-conveyance of the interest held by the Master Tenant to 15<sup>th</sup> and H Street Associates, LLP, which re-conveyance restores the ownership interests in 15<sup>th</sup> and H Street Associates, LLP as existing at the commencement of the project (subject to any other transfers otherwise exempt under this section) and terminates the interest of the Master Tenant in the real property; and

“(cc) The conveyances and re-conveyances, with respect to the real property only, are exempt from the provisions of this act if the requirements of this subparagraph are met, including the requirement that 15<sup>th</sup> and H Street Associates, LLP:

“(1) Submits a complete application for historic tax credits to the U.S. Department of Interior, National Park Service;

“(2) Receives approval of part 1 and part 2 of the application; and

“(3) Pursues approval of part 3 of the application in good faith.

“(ii) For the purposes of this subparagraph, the term:

“(I) “Conveyance” or “re-conveyance” means a transfer of interests in real property or an entity, including by sale, exchange, or execution or termination of a master lease, or a combination thereof.

“(II) “Historic tax credits” means tax credits under section 47 of the Internal Revenue Code of 1986, approved October 16, 1962 (76 Stat. 966; 26 U.S.C. § 47).

“(III) “Investor Member” means an investor in the Master Tenant.

“(IV) “Master Tenant” means a limited partnership or limited liability company that will:

“(aa) Be primarily owned by Investor Members who will have a noncontrolling interest; and

“(bb) Own a noncontrolling interest in 15th and H Street Associates, LLP.

“(V) “Noncontrolling interest” means an equity interest under which the Investor Member shall not, notwithstanding the Investor Member’s customary consent rights, and absent a default or breach by the managing partner:

“(aa) Exercise management or control over any aspect of the project, including acting as directors, officers, managers, or decision-makers in the project; or

“(bb) Play a role in selecting, recommending, or choosing directors, officers, managers, or decision-makers in the project.

“(iii) For the purposes of this subparagraph, failure to comply with the requirements of sub-subparagraph (I) through (VIII) of this subparagraph shall require 15<sup>th</sup> and H Street Associates, LLP to comply anew with the requirements of this act as though this subparagraph had not been enacted.”.

### Sec. 3. Sunset.

This act shall expire 120 months after its effective date.

### Sec. 4. Fiscal impact statement.

The Council adopts the fiscal impact statement of the Budget Director as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

### Sec. 5. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December

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24, 1973 (87 Stat. 813; D.C. Official Code §1-206.02(c)(1)), and publication in the District of Columbia Register.

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Chairman  
Council of the District of Columbia

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Mayor  
District of Columbia