

## Minutes of the April 2005 Meeting of the Cleveland Park Citizens Association

**Meeting Date:** Saturday, April 4, 2005  
**Location:** Cleveland Park Library  
3310 Connecticut Avenue, NW; Washington, DC

Cleveland Park Citizens Association (CPCA) President George Idelson called the meeting to order at 6:35 p.m. 49 persons signed the attendance sheet, of whom 19 indicated that they were members.

### I. Property Tax Class Action

**Peter Craig** reviewed the status of a class action suit he and 48 other property owners had filed in September 2002 challenging the District's method of assessing residential real estate. The grounds for the suit were: lack of due process (failure to tell owners how the assessments were arrived at) and lack of equal protection of law (failure of assessments to reflect the true value of property). The District argued that the trending principle used in the various assessment neighborhoods reflects market values. Mr. Craig said that data were not available except at extraordinary cost to property owners. He noted the inconsistency of increases in assessments of 49.2% in Cleveland Park, but of 29% in the neighborhood just south of Klinge Road.

The District filed 20 dilatory motions and refused to supply documents in discovery proceedings. In December 2003 Judge Eugene Robinson ruled that owners had the right to know the basis of assessment, and asked for supplemental affidavits. The District filed four affidavits, to which the plaintiffs filed four rebuttals. A request for summary judgment has been pending for six months. Mr. Craig acknowledged the assistance of three attorneys, Natalie Black, Steve Ives, and Steve Truitt. The suit now contains some 6,000 pages of records.

Mr. Craig estimates that two thirds of the residential properties in the District are over-assessed, and one third are under assessed. In some neighborhoods, 80% of the properties are over-assessed. He explained the difference between assessment and sales price, and suggested that the assessment should be approximately 10% less than the sales price, which usually included commissions, transfer taxes, etc. He thought the District used a number of techniques to inflate the assessment, e.g., putting an overall cap on the depreciation allowed.

John Poole asked what the remedies should be if the suit won. Mr. Craig responded that it should lead to:

1. More visibility, He was sure that if market studies were open, their findings would be less extreme;
2. More assessors (to address differences among houses in the each assessment neighborhood); and
3. A fair and equitable tax basis.

In response to a question from Ann Loikow, Mr. Craig said that people wanting to contribute to the costs of the suit should send contributions to the TACA (Tax Assessment Class Action) fund of the Committee of 100 on the Federal City

### II. Announcements

Victor Nazarian of Washington DC Star Wars Fans and Volunteers identified himself as the contact for the "trekkies" planning to line up in advance of a *Star Wars* re-release at the Uptown Theatre in May. He assured the neighbors that the event would be as orderly as it had been in 1999. He offered his email address should any questions or problems arise: [vicnaz1@aol.com](mailto:vicnaz1@aol.com).

Lois Orr, President of the Cleveland Park Historical Society announced a cherry tree planting ceremony on a triangle on 34th and Ordway streets on Sunday, April 11 at 1:30 p.m.

### **III. Adoption of Constitutional and Bylaws Amendments**

Peter Espenschied read the eight amendments to the CPCA Constitution and Bylaws introduced during the March 7 meeting. They were adopted unanimously. In essence, they permitted members moving out of the CPCA area retain membership, provided for an Assistant Recording Secretary, added the Immediate Past President to the Executive Committee, made clear that delegates to the civic and citizens federations were not automatically members of the Executive Committee, restricted term limits to the office of President but extended the limit from three years to five years for that office, spelled out the summer recess during July and August, provided explicitly for notice of meetings, provided a way to review minutes without taking unnecessary meeting time, and simplified the language for amending the Bylaws.

### **IV. Panel on Property on the Tax**

**Phil Mendelson**, At large member of the DC Council, said critics of the residential property tax say it is unrelated to ability to pay and that it provides automatic tax increases that feed the city treasury without requiring politicians to vote for them. To ease the impact, the city has tried homestead exemptions and a cap on increases in the assessments. Few seem to support lowering the rates as assessments rise. Last year he had suggested going back to the “calculated rate” method used until about ten years ago. It involves determining how much revenue is needed from property taxes and setting the rate accordingly. If that method had been used the last few years, it would only have required a tax rate of 70 cents per \$100 of the assessed value to maintain the revenue rather than the steady 96 cent rate that has brought a windfall to the city.

His bill would have raised the homestead exemption from \$45,000 to \$60,000 (providing a uniform \$576 relief on everybody’s tax payment) and would have provided a sliding scale of income tax relief for property taxes of low income persons. It would also provide an additional 5% reduction in tax receipts, but the reduction would be achieved by a rate decrease, not by a cap on the increase in assessment.

**Eric J. Goulet**, Committee Clerk of Jack Evans’s Committee on Finance and Revenue, offered an update on 33 other bills before the Council. The biggest issue was the increase in assessments. Complaints were now coming in from all wards, not just from the rich wards as earlier. He defended the 5% assessment cap as a matter of fairness. He also supported offering persons with disabilities the same relief as seniors, and offering seniors the opportunity to defer their property tax until their homes were sold.

Mr. Evans will introduce these and other suggestions tomorrow in an omnibus tax bill that would also increase the standard income tax deduction, reduce the estate tax, and provide a pension deduction of up to \$10,000. He objected to the calculated rate method for determining the property tax rate as being regressive.

The omnibus bill would also reform the Board of Real Property Tax and Appeals to address the backlog of cases, and the fact that Board decisions on one year’s assessments are not applied to following years. It would require that appeals of assessments be completed by February 1, and would put a 30-day limit between hearings and decisions for residential property assessments (or a 60-day limit for appeals on commercial property assessments). Members of the Board of Appeals would be required to put in 150 to 200 hours per year if they were to remain on the Board.

**Ed Lazere**, Director of the DC Fiscal Policy Institute, said that the policy of the Institute was very close to what Phil Mendelson wants. We should reduce rates, and introduce progressivity.

The situation of affordable housing is getting worse. There are 30,000 families with one or two wage earners whose total family income is under \$40,000. Many of these families pay over 30% of their income for housing. He cited several statistics showing the regressive nature of District property taxes.

Encouraging home ownership is a good thing, he said, but we must also consider the situation of renters. He pointed out that housing costs for home owners generally rise less for owners than for renters. Various proposals in the omnibus bill give too much relief to some, too little to others. We have not addressed the property tax burden for low-income persons.

**Edward Cowan**, former reporter for *The New York Times*, had one message: inflation driven increases in property taxes are unrelated to ability to pay. Your tax may go up 12% in a year, but your income may not. The Council likes the extra income from increased assessments because they automatically get more money to spend without having to vote for an increase in taxes. He tends to agree with Ed Lazere and his holistic view. We should consider the whole constellation of taxes together, rather than individual taxes in isolation.

In the context of unvoted tax increases, the Evans bill would let your taxes grow by 5%. That is still an increase much higher than the rate of inflation. He suggested a one-year tax freeze, a break to see where we are. Then limit the tax increase to 2% a year by making corresponding reductions in the tax rates. He cited favorably Councilmember Ambrose's bill to reduce the tax rate from 96 cents to 92 cents, and closed by justifying the inequality of higher taxes on newly bought houses.

There followed a discussion that demonstrated wide differences on the panel and in the audience over the relative equity and progressiveness of almost every tax relief proposal. There were also sharp differences over how much (if any) the tax increases were contributing to the flight of middle class families to the suburbs relative to the flight caused by bad schools and high crime. When Lois Orr asked what do we do, Mr. Cowen answered, get in touch with your councilmembers. Robert Greenberger doubted that citizens would write. He suggested taking a full-page ad to express our views.

When Mr. Idelson asked about the legislative schedule, Mr. Mendelson said that markup on the bill produced by the Committee on Finance and Revenue would be April 27. But more important would be the schedule of budget hearings beginning May 11, which would set the target of how much revenue would be requires. By the balanced budget law, the taxes levied must match the appropriations levied.

## **V. Adjournment**

Mr. Idelson adjourned the meeting at 8:45 p.m.

Respectfully submitted,  
Gregory R. New and George Idelson