



2007 annual report

This report provides a brief synopsis of the highlights of 2007 at the Greater Washington Commercial Association of REALTORS®.

administrative

membership

GWCAR's membership in 2007 was 556 members, including 91 affiliate members. At the end of 2006, GWCAR's membership was 582.

financial performance

GWCAR maintains a very healthy financial situation due to successful events throughout the year and low operating costs.

legal and audit status

The public accounting firm of **Councilor, Buchanan and Mitchell** will perform an audit of the association's accounting records for fiscal year 2006. The results of this audit will be presented to the 2007 Board of Directors.

events

state of the market

Our Annual State of the Market presentation was held on February 28 at the Capital Hilton in Northwest DC.

Keynote speakers were Mike Fascitelli, John Kaylor, Jeffrey Neal and Jon Peterson. There were over 240 in attendance.

annual commercial awards

GWCAR held its annual Commercial Awards Dinner on April 27 at the Four Seasons Hotel in Washington DC. More than 400 people attended to recognize the top commercial agents of 2006.

realTOUR

Our Annual RealTOUR event was held on June 7 at Gallery Place Cinemas and featured real estate development sites and projects in the DC area. This event included a virtual tour that highlighted developments throughout the District. Scott Berg, author and professor at George Mason University was the speaker. More than 300 people attended this event, and donations went to the Perry School Community Service Center.

golf outing

Whiskey Creek Golf Club in Ijamsville, MD was the site for the annual Golf Outing held on October 16. We had great participation.

communications

commercial broker quarterly

GWCAR events, industry news, public policy activities, and other achievements continue to be covered in Commercial Broker Quarterly (CBQ). Ad revenue for CBQ exceeded \$6,500 for the year.

e-mail communications

Electronic communications is the most efficient and cost-effective way for GWCAR to communicate with members. Our weekly email newsletter, Newsclips, continues to keep members up to date on GWCAR news and events. E-mails are sent throughout the year featuring events and programs.

www.gwcar.org

Our Web site continues to be the main vehicle for education & event registration, news, membership enrollment, and dues payments.

community involvement

Proceeds from 2007 GWCAR events were donated to various charities throughout the Washington metro area.

Donations were made to the Ken Berkman Foundation, Perry Center Community Services, Inc., Hokie Spirit Fund, Komen National Race for the Cure, and ChildHelp. Contributions for year totaled over **\$15,000**.

public policy

district of columbia

DC Political Issues

Special Elections - May 1, 2007

- Interviewed a number of the 19 candidates who ran to fill one open seat in Ward 4, and the 18 candidates ran to fill another vacancy in Ward 7.
- We successfully endorsed one of the two candidates and wisely demurred in the other special election race, which became nasty.

DC Legislative Issues

Commercial Property Tax Relief – Testified for Commercial Property Tax Relief, which is likely to be enacted in 2008.

The legislation increases personal property taxes deductions for commercial businesses from \$50,000 to \$225,000 (similar to the residential homestead deductions) and creates a calculate rate system. Where if commercial property taxes reach a certain set amount and percentage of the District's budget, it will trigger a commercial property rate reduction on the first \$3million of assessed property taxes (that could go as low as \$.90 of each \$100 of assessed value).

Defeated proposed Increases on Recordation & Transfer taxes – Latest proposal would increase these taxes to 1.7% (up from 1.1% in early 2006 & the current rate of 1.45% which went into effect October 1, 2006).

Membership quickly protested increase to 1.7% and now the proposal focuses on just commercial recordation and transfer increases. WDCAR continues to fight this.

Defeated Commercial Transactions Cost Recovery Amendment – This legislation would have allowed the assessment of fees for services rendered by the Attorney General in commercial transactions involving the city.

Commercial Linkage Fee – Preparing to fight legislation that would impose an impact fee on all new commercial development to pay for more affordable housing programs.

Deed Recordation Tax Equality Act – Monitored legislation by Councilmember Barry that would amend the "District of Columbia Real Estate Deed Recordation Act" to include, within the definition of transfer of economic interest in real property, those transfers involving entities that derive less than 50% of its gross receipts from the ownership or disposition of real property in the District and those entities that hold real property in the District even if that property has a value comprising 80% or less of the value of its entire tangible asset holdings.

Eminent Domain - Reviewed proposed eminent domain legislation, with the help of NAR's Eminent Domain legal services (the Law Firm of Robinson and Cole), that still has not moved forward.

Ex-Offender's Legislation – Continue to monitor and fight legislation that would create a protected class for ex-offenders under the DC Human Rights Act, effectively placing ex-offenders in the same category as individuals who were discriminated against because of their race, color, creed, or sexual orientation.

Washington Convention Center Authority Board of Directors Confirmation of James Josef Abdo & Mitchell Schear - GWCAR voted to support these nominations, which ultimately passed the Council.

NCRC & AWC Reorganization – Monitored the legislative developments that ultimately resulted in the dissolution and transfer of the NCRC and the AWC into the Mayor's office under the Deputy Mayor for Economic Development.

Class 3 Nuisance Properties Abatement Reform – Continued to closely monitor legislation to streamline the process by which a property is determined to be (or not be) a nuisance or vacant Class 3 property, and by amendment increase Class 3 rate from \$5 (five dollars) per \$100 to \$10 (ten dollars) per \$100.

DC- Federal Legislative Issues

DC Vote - The DC Fair and Equal House Voting Rights Act, H.R. 1905 – Advocated and marched for legislation that would give the District full voting rights for our U.S. House member (plus, an additional at-large House member in Utah) passed the House by a vote of 241 to 177. Unfortunately in the Senate, it failed to reach the 60 votes (57-42) it needed to pass a cloture vote and avoid a filibuster. This is the furthest DC Voting Rights has moved through the United States Congress.

DC Vote on NAR's National Agenda – After years of lobbying, NAR finally placed DC Voting Rights on its National Public Policy agenda. Thanks to all who have helped spread the word on the issues of DC Voting Rights.

Other Initiatives

“Quality of Life” Issues Mobilization Campaign
Received a grant from NAR's Issues Mobilization Fund for a “Quality of Life” campaign. The campaign is focusing on engaging District homeowners voters in REALTOR® related public policy issues.

montgomery county

Montgomery County Council Approves \$4.1 Billion Operating Budget for FY 2008; Property Tax Relief Provided

On May 24, the Montgomery County Council unanimously approved a \$4.1 billion operating budget for Fiscal Year 2008, which begins July 1, 2007. The total operating budget was \$4.1 billion, an increase of \$277 million (7.1 percent) from the FY07 approved budget. However, the budget did not include any new taxes. Instead it provided for a property tax credit of \$613 for the County's 243,000 owner occupied principal residences. That meant that about 80 percent of County homeowners paid less in County property taxes this year than they paid last year. The County's “circuit breaker” tax credit also provided more targeted property tax relief for households with incomes of \$64,000 or less—tax relief that was projected to average \$685 per residence for eligible recipients. And under a law the Council passed last year, eligible homeowners who are at least 70 years old would receive an added 25 percent circuit breaker credit.

Montgomery County Council Passes Anti-Discrimination

Bill to Protect Gender Identity

On Tuesday, November 13, the Montgomery County Council passed a new anti-discrimination law that adds “gender identity” to the list of protected classes in housing and commercial real estate, employment, cable television services and taxicab service. “Gender identity” is defined as an individual's actual or perceived gender, including a person's gender-related appearance, expression, image, identity, or behavior, whether or not those gender-related characteristics differ from the characteristics customarily associated with the person's assigned sex at birth.

Agricultural Zones – New Disclosure Requirement for Properties Sold in Montgomery County – Effective March 1, 2008

In 2006, the County Council put together an Agricultural Policy Working Group to look into several issues related to agricultural land issues. In January 2007, the working group came out with several recommendations to help with some of the problems facing landowners in agricultural zones as well as a myriad of other issues related to these zones. On Tuesday, June 12, the County Council introduced several bills related to the recommendations of the working group. One of those bills was **Bill 12-07, Real Property – Agricultural Zones – Disclosure**, which requires sellers of real property located in, adjoins, or confronts an area that is zoned agricultural, to notify potential buyers that state and county laws protect owners and operators of agricultural uses from certain lawsuits (i.e. nuisance claims). The suggestion was that this approach may reduce the number of complaints lodged against farmers by increasing awareness of homebuyers that current laws protect farmers from agricultural related complaints (i.e. the pigs smell). GCAAR worked very closely with the County Council and its staff to find the proper way to disclose this information and make sure that agents and their sellers can easily access the correct information to disclose to buyers. On Tuesday, October 2, the County Council unanimously approved the legislation with a provision proposed by GCAAR that the effective date be delayed until March 1, 2008. This will ensure that the Park and Planning Commission can update the Geographic Information System (GIS) maps to accurately reflect whether or not a property is located in, adjoins, or confronts an area that is zoned agricultural. The GCAAR contracts and clauses committee will work to update the

forms to accurately reflect this new disclosure requirement prior to the March 1, 2008 effective date.

Leggett Appoints Affordable Housing Task Force; Group to Advise on Tools and Strategies to Increase Available Housing

In early 2007, County Executive Isiah Leggett announced the membership of his Affordable Housing Task Force and the charge to the 35-member group was to focus on tools and strategies to increase the availability of affordable housing in the County. Co-chairs of the task force will be Richard Nelson, Director of the County's Department of Housing and Community Affairs and Barbara Goldberg Goldman, Founder of the Affordable Housing Conference. Illustrating his commitment to the issue of affordable housing, Leggett included an investment of nearly \$30 million in the Montgomery Housing Initiative Fund (MHI) for acquisition and rehabilitation of the County's affordable housing stock in his FY08 recommended budget that he presented to the County Council. The recommended funding represents more than a 50 percent increase over last year's funding. "Montgomery County is a national leader on the issue of affordable housing," said Leggett, "but the current economy and surge in property values demands that we put extra emphasis on finding safe, decent and affordable housing for those who want to live in our community. This task force has the talent and experience to help us move forward more effectively in this area." A final report from the group came out in November 2007 and they held several community forums throughout the county to discuss the report. In 2008, the County Council will begin reviewing the taskforces recommendations.

Montgomery County Council Passes Growth Policy – Recordation Tax Increase Goes Into Effect March 1, 2008

The County Council had their final voting session on the growth policy for 2007-2009 on Tuesday, November 13. The Council voted to increase impact taxes, impose new school and transportation adequacy tests as well as increase the recordation tax. New revenues from the recordation tax increase will go towards rental assistance programs and County Government capital projects like roads, police and fire stations, etc. Below is the final version of the recordation tax increase that was approved:

- The current law of \$6.90/\$1000 with the \$50,000 exemption (for principal residence) still applies on ALL home sales.

- Starting March 1, 2008 for a sales price above **\$500,000 you will have to charge an ADDITIONAL \$3.10/\$1000 on any increment above \$500,000. So an \$800,000 sales price will be charged an additional \$3.10/\$1000 on \$300,000.** The current law of \$6.90/\$1000 with the \$50,000 principal residence exemption still applies. So there is a recordation tax of \$6.90/\$1000 on the total sales price with \$50,000 exemption **AND** then if you have a sales price above \$500,000, you will need to charge \$3.10/\$1000 on whatever amount is above \$500,000.

EXAMPLE: \$800,000 Sales price calculations

STEP 1: \$800,000 - \$50,000 exemption if principal residence = \$750,000

STEP 2: \$750,000 X \$6.90/\$1000 = \$5175 recordation tax

STEP 3: \$300,000 (increment above \$500,000) X \$3.10/\$1000 = \$930 additional recordation tax

STEP 4: Add result of step 2 and step 3 (\$5175 + \$930) =

\$6105 TOTAL Recordation Tax

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- Effective Date of \$3.10 increase would be March 1, 2008 and apply to any transaction that occurs on or after that date.
 - **Any settlement which occurs on or after March 1, 2008 will be subject to the new rates.**
 - **Any settlement that occurs prior to March 1, 2008, will be subject to the old rates notwithstanding the date the deed is recorded.**
 - **Contracts that are written prior to March 1, 2008, but go to settlement on or after March 1, 2008 are subject to the new rates.**

County Council Passes Legislation to Require Disclosure of Post-Purchase Property Taxes – Effective Date April 1, 2008

On Tuesday, December 4, the Montgomery County Council passed legislation that requires any written or electronically transmitted material that a seller (including the seller's real estate agent) produces or distributes in connection with the **advertisement** for sale of a residential real property, to disclose the estimated amount of property tax a buyer must pay in the next full tax year after the property is transferred. As part of several amendments to the legislation, GCAAR worked with the County Council to put language in the legislation that clearly states that the **Office of Consumer Affairs MUST assist a seller in estimating the tax**

information and provide a web-based worksheet or steps to enable the seller to do the proper calculations (NOTE: the worksheet or steps have not been finalized yet as GCAAR is working with the County to make it as easy as possible for seller's and their agents to use).

The law goes into effect April 1, 2008.

Below are more specific details on what the estimated full-year tax must include:

- the estimated tax must be based on all rates in force when the material is produced
- all State and County property taxes (including special service area tax) and any applicable municipal property taxes
- any other non-tax fee or charge included on the consolidated tax bill
- both the annual property tax that the current owner pays and the annual estimated property tax that the buyer would pay MUST be featured equally prominently on the advertising material produced
- the estimate of taxes MUST be updated each July 1, to reflect changes in tax, fee, and charge rates
- the estimate of taxes MUST be updated by January 31, if the current fiscal year is the third year of the property's 3-year assessment cycle, to reflect the revised assessed value of the property
- **A SELLER OR THE SELLER'S AGENT IS NOT LIABLE FOR ANY INCORRECT ESTIMATED TAX INFORMATION DISCLOSED, IF THEY HAVE RELIED IN GOOD FAITH ON A METHOD APPROVED OR RECOMMENDED BY THE COUNTY.**

state of maryland

2007 Maryland Legislative Session Wrap-Up

The 2007 Maryland legislative session concluded at midnight on Monday, April 9. As usual a host of controversial issues were discussed in the brief 90-day session. To review all of the REALTOR® related bills that the Maryland Association of REALTORS® reviewed during the 2007 legislative session please visit www.mdrealtor.org, go to Government Affairs and under the pull down menu go to 2007 Bill Preview and Bill Tracker.

state of virginia

Transportation Legislation

GWCAR was involved in the hotly debated transportation

conversation. The General Assembly on the last day of the session approved HB 3202, a statewide and regional transportation funding package. On July 12, the regional Northern Virginia Transportation Authority (empowered by the legislation) then voted to enact seven regional taxes and fees to address transportation issues. These regional taxes and fees, authorized by the General Assembly, and approved by the regional Northern Virginia Transportation Authority are as follows:

- 40 cents per \$100 increase in the real estate grantor's tax
- 5 percent sales tax on auto repairs
- 2 percent increase in the rental car tax
- 2 percent increase in the hotel/motel occupancy tax
- 1 percent initial vehicle registration fee (for new car purchases or those moving into the region)
- \$10 increase in the vehicle safety inspection fee
- \$10 regional auto registration fee

Grantors Tax Increase— As mentioned above, HB 3202 allowed the Northern Virginia Transportation Authority to increase a package of seven taxes and fees which included a Grantor's Tax increase of 40 cents per \$100.

Commercial Property Tax Increase – No Virginia jurisdiction increased the Commercial Property Tax Rates in 2007. However, as part of the General Assembly's transportation solution, there is legislative language that allows local jurisdictions to increase revenues for transportation with local option revenues. GWCAR has monitored and will continue to monitor local options which include:

- Annual commercial real estate tax rate increase of up to 25 cents per \$100
- Commercial/residential impact fees (amount to be determined)

Regional Toll Authorities Act - The Virginia Association of REALTORS® (VAR) also worked hard to present other transportation solutions other than raising taxes. The result of that effort is HB 2314 which will allow the use of tolls on major highways in Virginia.

Other Virginia General Assembly Legislation in 2007

Below is a summary of other non-transportation legislation passed by the General Assembly in 2007:

Licensing Legislation - HB 2064 requires that new licensees complete their mandatory 30 hours of post-license education within one year of earning their license, a reduction from the two years' time period presently allowed. In addition, it increases broker licensee continuing education from the current 16 hours to 24 hours every two-year cycle, eight hours of which must be in specific brokerage management topics (supervision, fiduciary responsibilities, etc.).

<http://leg1.state.va.us/cgi-bin/legp504.exe?ses=071&typ=bil&val=hb2064>

Fiscal Impact Statement Legislation - SB 1012 will require the Virginia Department of Planning and Budget to conduct a fiscal analysis of every proposed regulation to determine if it has a financial impact on the development of real property and to estimate the cost of any impact, so that the cost to you and your clients may be accurately forecasted and planned for.

staff

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Senior Vice President & Asst. CEO
Through November 2007

Amy Ritsko-Warren
Chief Executive Officer
December 2007 - Present

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