

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: January 13, 2012

SUBJECT: Fiscal Impact Statement – “Tenant Security Deposits Clarification
Amendment Act of 2011”

REFERENCE: Bill Number 19-190 – As Introduced

Conclusion

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the provisions of the bill.

Background

The bill allows¹ the Office of Administrative Hearings (OAH) to adjudicate tenant complaints for the non-return of security deposits. Under current law, OAH may adjudicate tenant complaints for the nonpayment of interest on security deposits, but the D.C. Superior Court has jurisdiction over non-return of security deposits. Because these complaints nearly always come together, this change would simplify the petition process for tenants seeking redress of grievances with their landlord.

The bill also amends the District’s housing regulations² to state that a landlord who fails to return a security deposit rightfully owed to a tenant is liable for the full amount to that tenant, not to the Rent Administrator or Rental Housing Commission, as the regulatory language currently reads. Moreover, the bill defines the term “bad faith,” and states that a landlord found to be acting in bad faith is liable to the tenant for three times the amount of the security deposit.

¹ The bill amends Section 217(b) of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3502.17).

² Specifically, Section 2908 of the Housing Regulations of the District of Columbia, effective August 11, 1955 (C.O. 55-1503; 14 DCMR §§ 308 through 311).

Financial Plan Impact

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the provisions of the bill. Tenant petitions that include security deposit complaints typically also include a variety of other complaints over which OAH does have jurisdiction. The intent of the bill is to bring the one complaint that is treated differently – the complaint of non-return of a security deposit – within OAH's jurisdiction as well so the OAH can respond to petitions in their entirety. Because OAH is responding to some aspects of these petitions already, adding this element of jurisdiction would not change OAH's caseload in any significant way, and therefore would not increase OAH's costs.

In theory, changing the statute to award damages to the tenant directly instead of to a representative of the District, as this bill does, would lower revenue for the District. However, in practice there have been no damages awarded to the District because the statute has not previously given OAH the authority to award them. Thus this bill will have no revenue impact either.