

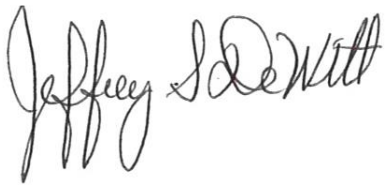
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: February 22, 2018

SUBJECT: Fiscal Impact Statement – Rental Unit Fee Adjustment Amendment Act of 2018

REFERENCE: Bill 22-441, Draft Committee Print sent to the Office of Revenue Analysis on February 22, 2018

Conclusion

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill will increase available funds by \$299,625 in fiscal year 2018 and by \$2,528,925 over the four-year budget and financial plan.

Background

The bill increases¹ the rental accommodations registration fee by \$5, from \$25 to \$30. Landlords pay the annual fee to the Department of Consumer and Regulatory Affairs (DCRA) for each rental unit they own.

Revenue from the \$5 increase will be go into the Department of Housing and Community Development's Unified Fund. The revenue from the remaining \$25 of the fee will be deposited as it is currently: \$21.50 will go to DCRA's Nuisance Abatement Fund and \$3.50 will go into the Office of the Tenant Advocate's Rental Unit Fee Fund.

Financial Plan Impact

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill will increase available funds by \$299,625 in fiscal year 2018 and by \$2,528,925 over the four-year budget and financial plan.

¹ By amending The Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3501.01 et seq.)

The Honorable Phil Mendelson

FIS: Bill 22-441, "Rental Unit Fee Adjustment Amendment Act of 2018," Draft Committee Print sent to the Office of Revenue Analysis on February 22, 2018

Once the \$5 fee increase has been in effect for a full fiscal year, it will bring in additional revenue of about \$743,100 a year. In fiscal year 2018 the additional revenue will be less than in subsequent years since the bill will not have been in effect a full year.

DCRA will deposit the additional revenue from the fee increase into DHCD's Unified Fund. It will cost DCRA about \$10,000 to make the IT changes necessary to increase the fee and divert the revenue into the Unified Fund.

Projected Additional Revenue from the Rental Unit Fee Adjustment Amendment Act of 2018					
	FY 2018	FY 2019	FY 2020	FY 2021	Four-Year Total
Additional revenue from a \$5 increase in fee	\$309,625	\$743,100	\$743,100	\$743,100	\$2,538,925
Cost of DCRA IT upgrade	(\$10,000)	\$0	\$0	\$0	(\$10,000)
New available funds	\$299,625	\$743,100	\$743,100	\$743,100	\$2,528,925

Assumptions

- Additional revenue for FY 2018 is for 5 months of the fiscal year only, since we assume the additional fee won't go into effect until May 2018.
- Increase in revenue is based on fiscal year 2017 fee collections.
- DCRA will need \$10,000 for an upgrade to its IT systems in order to increase the fee and deposit it into the DHCD's Unified Fund.