


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 20, 2018

SUBJECT: Fiscal Impact Statement – Grocery Store Restrictive Covenant
Prohibition Act of 2018

REFERENCE: Bill 22-60, Committee Print provided to the Office of Revenue Analysis
on February 5, 2018

Conclusion

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill.

Background

The bill prohibits property owners from using a restrictive land covenant or restriction in a contract to prevent the use of a property as a grocery store. Additionally, it prohibits property owners from restricting abutting or adjacent properties from being used as a grocery store or restaurant. Any such contracts would be legally void and unenforceable.

The only exception to the prohibition is for owners who are operating a grocery store or food retail store and are moving within the District and within a half mile of the site of current operations. The exception is valid only if operation at the new site occurs within two years of the sale transfer or lease at the current site, and the covenant must expire in three years or less.

Financial Plan Impact

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the proposed bill. Restrictive covenants can limit land values if they restrict the highest and best use of a property. Because the bill prohibits these covenants, it should not negatively impact the District's property tax revenue. Additionally, we are not aware at this time of any sites that may be impacted by the bill.