


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 7, 2018

SUBJECT: Fiscal Impact Statement – TOPA Single-family Home Exemption
Amendment Act of 2018

REFERENCE: Bill 22-315, Draft Committee Print sent to the Office of Revenue
Analysis on January 23, 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 exempts¹ single-family homes (including individual units in condominium or cooperative buildings) from the District's Tenant Opportunity to Purchase Act (TOPA) — except when a home or a part of a home is occupied by a tenant who is at least 70 years old or has a disability². TOPA allows tenants first right of refusal for purchasing the home they rent when their landlord puts the home up for sale.

The Mayor will determine whether a tenant qualifies for the exception for people who are 70 years or older or have a disability based on documentation submitted by the tenant.

For single-family home sales with tenants who qualify for the exception, the bill makes several changes to the TOPA process:

¹ By amending the Rental Housing Conversion and Sale Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3401.01 et seq.)

² As long as the tenant's lease was signed by December 31, 2017 and the unit was occupied by January 15, 2018.

The Honorable Phil Mendelson

FIS: Bill 22-315, "TOPA Single-family Home Exemption Amendment Act of 2018," Draft Committee Print sent to the Office of Revenue Analysis on January 23, 2018

- It shortens the TOPA timeframe from 180 to 90 days. The new timeframe includes 20 days for the statement of interest, 25 days for the negotiation period, and 45 days to settlement. Owners can extend the TOPA time periods if they so choose.
- It changes the rules for a tenant reassigning their TOPA rights to someone else. The tenant can only reassign their rights if they plan to remain a tenant under the new owner for at least one year after the sale of the house. The only form of compensation a tenant can receive for reassigning their TOPA rights is a guarantee from the new owner that he or she will not change the rent charged during the year following the home purchase. Once a tenant reassigns their rights under these conditions, the person who receives these rights and plans to purchase the home cannot reassign the rights to another entity unless the purchaser will maintain an ownership interest in that entity.
- It changes how the TOPA process is documented. If a tenant is interested in using their TOPA rights, they can now notify the Mayor using first-class mail, instead of only certified mail, and may use email as a secondary means of contacting the Mayor. The tenant must send all required documents to the Mayor by the required dates, and the Mayor will use a date-stamp as proof of date-of-delivery.

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 create additional work for the Department of Housing and Community Development (DHCD), which oversees TOPA, but DHCD staff can handle the work without additional resources. This will include transition costs, such as changing the current TOPA forms and creating new forms for tenants who are older or have a disability, as well as educating the public on changes to the TOPA law and handling disputes that arise from new process. DHCD will also have to review and process documentation for the exception for tenants 70 years or older or with a disability. While the bill removes TOPA rights for most tenants in single-family homes, it is possible DHCD will still have to track the sale of these homes to make sure the sales qualify for the exemption.