


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



Fitzroy Lee
Interim Chief Financial Officer

MEMORANDUM

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

FROM: Fitzroy Lee
Interim Chief Financial Officer 

DATE: April 15, 2021

SUBJECT: Fiscal Impact Statement – District’s Opportunity to Purchase
Amendment Act of 2021

REFERENCE: Bill 24-168, as introduced

Conclusion

Funds are sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill.

Background

The bill makes changes to the District’s Opportunity to Purchase Amendment Act of 2008 (DOPA)¹. DOPA gives the Mayor the first opportunity to purchase certain housing accommodations before other buyers if tenants do not purchase the accommodations first. Housing accommodations eligible for purchase through DOPA are those with 5 or more rental units where at least 25 percent of the units are affordable.

The bill raises the income threshold that defines an affordable unit. Currently, a unit is considered affordable if it is affordable to a household with 50 percent of the Area Median Income (AMI).² The bill raises the household income defining affordability to 60 percent of AMI. The bill also requires an affordability covenant to be recorded with the property, maintaining the affordability of any unit affordable at 60% of AMI or less when the Mayor acquired the property. The bill sets out how the maximum rent and income thresholds of vacant units shall be designated to be rented to households earning up to 60% of AMI or up to 30% of AMI, while allowing the Mayor to adopt an

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

² Affordable is defined as a unit with rent and utilities totaling no more than 30 percent of a household’s income.

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FIS: "District's Opportunity to Purchase Amendment Act of 2021," Bill 24-168, as introduced

affordability plan to rent certain units above a 60% AMI level if the average income affordability of all the accommodation's units will meet the 60% of AMI level.

The bill also clarifies allowable annual rent increases at properties purchased using DOPA to state that rent increases are limited to annual increases occurring 12 months after a DOPA offer of sale. After that time, rents at a property may increase at the lesser of the allowable annual increase under the Rental Housing Act³ or allowable increases for a local or federal affordability program used to finance the unit.

Financial Plan Impact

Funds are sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. While the bill's new affordability threshold could increase the number of housing accommodations eligible for purchase through DOPA, it does not mandate any purchases, still leaving the decision up to the Mayor. The Mayor will only be able to make purchases that can be accommodated in a District budget and financial plan.

Administering DOPA with the changes made by the bill will not create any additional costs for the Department of Housing and Community Development, which manages the DOPA process.

³ § D.C. Official Code 42-3502.08(h)