

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:** May 27, 2015

**SUBJECT:** Fiscal Impact Statement – TOPA Bona Fide Offer of Sale  
Clarification Amendment Act of 2015 (and the emergency and  
temporary versions of the bill)

**REFERENCE:** Bill 21-147, shared with the Office of Revenue Analysis on May 20,  
2015

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**Conclusion**

Funds are sufficient in the FY 2015 budget and the proposed FY 2016 through FY 2019 budget and financial plan to implement the legislation.

**Background**

The legislation will replace and amend the Tenant Opportunity to Purchase Emergency Amendment Act of 2014 (“Act”).<sup>1</sup> The temporary version of the Act went into effect on February 26, 2015 and will expire on October 9, 2015.

The legislation requires landlords to base sale offers to tenants on the current value of the property, not a speculative future value, when there is no third party offer. This applies only when a building has 5 or more units and a landlord intends to demolish the building or no longer use it for housing. This is retroactive to January 1, 2014. This differs from the previous Act, which required *all* offers to be based on current property values, regardless of whether there was a third party offer.

In the absence of a third part offer, the new legislation also gives tenants the right to request an appraisal.<sup>2</sup> If the tenant and landlord can’t agree on an appraiser, the Department of Housing and

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<sup>1</sup> By amending The Tenant Opportunity to Purchase Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3401.01).

The Honorable Phil Mendelson

FIS: Bill 21-147, "TOPA Bona Fide Offer of Sale Clarification Amendment Act of 2015," as shared with the Office of Revenue Analysis on May 20, 2015

Community Development (DHCD) will select an appraiser. The tenant and landlord are responsible for paying for the appraisal.

The new legislation also strikes the requirement of the previous Act that all TOPA sales have two appraisals.

### **Financial Plan Impact**

Funds are sufficient in the FY 2015 budget and the proposed FY 2016 through FY 2019 budget and financial plan to implement the legislation. Most of the legislation deals with tenant-landlord transactions and has no direct impact on District government operations or resources. The one part of the legislation that could impact government operations is the requirement that DHCD select an appraiser when there is no third party offer and a landlord and tenant cannot agree on an appraiser. DHCD believes this will create some work – the agency will have to establish regulations and create a list of preapproved appraisers. However, DHCD believes that the work will be small enough that it can absorb it. It expects that there will be relatively few cases in which it must select an appraiser.

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<sup>2</sup> Again, this only applies to instances where the building has 5 or more units and the landlord intends to demolish the building or use it for something other than housing.