

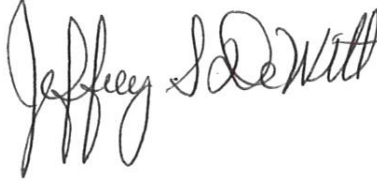
Government of the District of Columbia
Office of the Chief Financial Officer



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: June 22, 2016

SUBJECT: Fiscal Impact Statement – Rental Housing Late Fee Fairness
Amendment Act of 2016

REFERENCE: Bill 21-647, Draft Committee Print sent to the Office of Revenue
Analysis on June 21, 2016

Conclusion

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill.

Background

The bill caps¹ the late fee a landlord can charge a tenant for paying rent late at five percent of the amount of unpaid rent or \$25, whichever is greater.² It also establishes a minimum grace period of five business days before the late fee can go into effect. If the tenant does not pay the late fee, the landlord can charge interest on it, though the bill caps the amount of interest a landlord can charge at five percent or the judgment interest rate³, whichever is less.

If a tenant pays rent late more than 3 times within 12 consecutive months the landlord may evict the tenant, but only if the housing unit is owned by two or fewer people who have no other rental units in the District; all other landlords can evict the tenant if the tenant pays rent late more than 6 times within 12 consecutive months. The landlord cannot, however, evict a tenant for not paying a late fee.

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

² A landlord cannot charge a tenant a late fee for rent due from a government subsidy provider. If a tenant receives a government subsidy, the tenant can be charged a late fee no greater than 5% of the amount owed by the tenant.

³ 70 percent of the rate of interest set by the Secretary of the Treasury, per D.C. Official Code §28-3302(c).

The Honorable Phil Mendelson

FIS: B21-647, "Rental Housing Late Fee Fairness Amendment Act of 2016," Draft Committee Print sent to the Office of Revenue Analysis on June 21, 2016

Financial Plan Impact

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. Since the bill affects transactions between landlords and tenants, it will have minimal impact on District government operations. It is possible that the bill could increase the number of cases the Office of Administrative Hearings (OAH) needs to adjudicate, but the OAH believes the bill will not have a significant impact on its workload.