

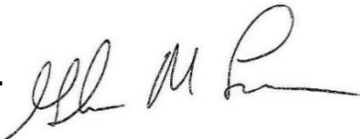
Government of the District of Columbia  
Office of the Chief Financial Officer



**Glen Lee**  
Chief Financial Officer

**MEMORANDUM**

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

**FROM:** Glen Lee  
Chief Financial Officer 

**DATE:** December 2, 2022

**SUBJECT:** Fiscal Impact Statement – Protecting Adjacent and Adjoining Property Owners from Construction Damage Amendment Act of 2022

**REFERENCE:** Bill 24-924, Draft Committee Print as provided to the Office of Revenue Analysis on November 18, 2022

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**Conclusion**

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

**Background**

To obtain a license to operate in the District, contractors, construction managers, and home improvement contractors must have liability insurance and provide general certificates of liability to the Department of Buildings.<sup>1</sup> When applying for a construction or demolition permit, there is no requirement to obtain additional liability insurance to cover potential damage to adjacent and adjoining property.

The bill requires permit applicants for demolition, excavation, razing, and sheeting and shoring to provide proof of liability insurance that covers adjacent or adjoining properties and lawful occupants of the properties for risk of loss arising out of work performed under the permit. The applicant must maintain the required insurance for the duration of the permit. Failure to comply will result in a stop work order for the permit.

**Financial Plan Impact**

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<sup>1</sup> D.C. Official Code § 6-1405.01.

The Honorable Phil Mendelson

FIS: "Protecting Adjacent and Adjoining Property Owners from Construction Damage Amendment Act of 2022," Draft Committee Print as provided to the Office of Revenue Analysis on November 18, 2022.

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

The Department of Buildings (DOB) estimates five percent of construction and demolition permits require neighbor notification, which is a requirement for work that could affect adjacent and adjoining properties. DOB already reviews permit applications for general liability insurance and holds those certificates, and the agency can also review permits for the proof of insurance required by the bill within current resources. DOB indicates the permit application system will need to be modified to require additional fields, but that the changes are minimal and required hours to update it can be absorbed by the agency.