


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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** July 14, 2008

**SUBJECT:** Fiscal Impact Statement: "District's Right to Purchase Amendment Act of 2008"

**REFERENCE:** Bill Number 17-631, Committee Print<sup>1</sup>

---

**Conclusion**

Funds are sufficient in the FY 2008 budget and the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. No additional staff or resources would be required to implement the proposed legislation. Should the Mayor choose to exercise the rights granted in the proposed legislation, funds would need to be identified at that time to cover the purchase of the building and all associated costs.

**Background**

The proposed legislation would amend D.C. Official Code § 42-2851.01 to require an owner of a multi-unit housing accommodation comprised of 5 or more units ("Accommodation") to offer the Mayor an opportunity to purchase the accommodations prior to selling the Accommodation. The proposed legislation would make the Mayor's right subordinate to the existing right of tenant organizations to purchase the same Accommodation. The proposed opportunity to purchase rights for the Mayor would follow similar procedures set forth in the Tenant Opportunity to Purchase Act (TOPA) regulations. However, the Mayor may only exercise the right to purchase, or assign the right to purchase to a developer, if the following conditions are met:

---

<sup>1</sup> Dated June 26, 2008, Received in ORA July 1, 2008

- At least 25% of the rental units in the Accommodation must be affordable, which means the existing monthly rent, including utilities, must be equal to or less than 30% of the monthly income of a household with an income of 50% of the area median income;
- The unit rent for existing tenants shall not exceed the unit's rent on the date of sale or 30% of the household's income;
- No tenant in an affordable unit shall be required to pay a rent increase of more than 10% per year; and
- Any unit that was affordable at the time of the offer of sale or date of purchase must remain affordable even if the units become vacant.

The proposed legislation would also require the Mayor to promulgate rules, and any other necessary steps, to implement the legislation within 60 days of enactment.

### **Financial Plan Impact**

Funds are sufficient in the FY 2008 budget and the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation would require certain multi-unit residential building owners to offer the Mayor the first right of refusal before selling a qualifying building and would authorize the Mayor to purchase these units, subject to certain requirements to maintain affordable housing. However, the legislation would not require the Mayor to expend funds to make purchases or maintain affordable units. Should the Mayor choose to exercise the rights granted in the proposed legislation, funds would need to be identified at that time to cover the purchase of the building and all associated costs.