

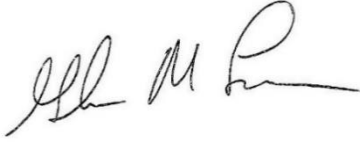
Government of the District of Columbia
Office of the Chief Financial Officer



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: November 6, 2024

SUBJECT: Fiscal Impact Statement – Fairness and Stability in Housing
Amendment Act of 2024

REFERENCE: Bill 25-418, Draft Committee Print as provided to the Office of Revenue
Analysis on November 4, 2024

Conclusion

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill.

Background

The bill's four titles make changes to housing laws related to several District government entities, including the District of Columbia Housing Finance Agency (DCHFA), the Office of the Rent Administrator (RA), the Office of Administrative Hearings (OAH), and the Rental Housing Commission (RHC).

Title I. Reverse Mortgage Foreclosure Prevention Program

Title I makes permanent the recent extension¹ of the Reverse Mortgage Foreclosure Prevention Program within DCHFA². The program allows qualified homeowners to apply for financial assistance for payment of past due property taxes and property insurance debts that have put the qualified homeowner at risk of foreclosure by a reverse mortgage lender. Assistance is provided as a zero-interest, non-recourse loan payable upon satisfaction of the first priority reverse mortgage or

¹ Reverse Mortgage Insurance and Tax Payment Program Extension Emergency Amendment Act of 2024 (D.C. Act 25-583, 71 DCR 12841), expires January 16, 2025.

² D.C. Official Code § 42-2703.07a. (<https://dchfa.org/homeownership/remit/>)

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FIS: Bill 25-418, "Fairness and Stability in Housing Amendment Act of 2024," Draft Committee Print as provided to the Office of Revenue Analysis on November 4, 2024.

relinquishment of the property to the reverse mortgage lender. Qualified homeowners can receive up to \$25,000³ in assistance.

In addition to permanently extending the program, Title I amends the law to allow the program to cover condominium fees and homeowner association fees and clarifies that a homeowner is eligible if their spouse is the party that executed the reverse mortgage. Title I also raises the maximum assistance homeowners can receive from \$25,000 to \$75,000.

Title II. Amendments to the Rental Housing Act of 1985

Since 2020, the ability of landlords to seek voluntary agreements with tenants under the District's rent control law has been temporarily prohibited. The moratorium was most recently extended in June 2024. In general, voluntary agreements are agreements between tenants and landlords to increase rent beyond what is allowed under rent control laws, in return for agreed-upon improvements in services or amenities to tenants. Subtitle A of Title II removes the moratorium but amends the program to allow individual tenants in a building to opt out of a voluntary agreement. Details of the agreement and a list of those opting out of the agreement must be provided to and approved by the RA.

Subtitle B of Title II amends some rental housing appeals requirements. First, the bill extends the required timeframe that an appeal must be filed after a decision has been issued by OAH from 10 to 30 days. Second, it requires OAH and the RA to transmit a complete hearing record to RHC within 30 days of receiving notice an appeal has been filed. It also increases the time that RHC has to issue a decision on the appeal from 30 days to 120 days after an appeal is filed. Third, the bill authorizes RA and RHC to order mediation to try and settle the case. The agencies may also sanction parties that do not appear at a scheduled mediation without good cause.

Subtitle C of Title II eliminates Certificates of Assurance ("CAs")⁴. CAs are currently available to rental housing owners who are exempt from rent control through new construction or continuous vacancy exemptions. If a rental property becomes subject to a rent stabilization program, property owners who have received a CA issued by the RA are entitled to an annual tax credit in the amount of the difference between the fair market rent and the rent control rent on the property.

Title III. Association Meeting Flexibility

Title III clarifies that a person attending a condominium association meeting via telephone, video conference, or electronic means is considered present for quorum purposes. The bill requires that instructions for attending a meeting electronically must be included in the meeting notice.

Title III also allows the executive board of a condominium association to set reasonable deadlines and ballot requirements for association matters requiring a vote. The executive board may authorize unit owners to submit votes by electronic transmission up to seven days before a scheduled meeting of unit owners. Unit owners who submit votes during that period will be deemed as present and voting in person for the meeting.

³ D.C. Official Code § 42-2703.07a(d).

⁴ D.C. Official Code § 42-3502.21.

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For cooperative association meetings, the bill authorizes remote regular and special meetings, regardless of whether remote regular and special meetings are authorized by an association's bylaws.

Title IV. Commission on Re-Entry and Returning Citizens Establishment Update

Title IV adds the Directors of the Department of Licensing and Consumer Protection and the Department of Buildings as ex-officio non-voting members to the Commission on Re-Entry and Returning Citizen Affairs ("Commission"). The two directors replace the Director of Consumer and Regulatory Affairs on the Commission, which is a position and an agency that no longer exists. Title IV also clarifies that the Mayor must submit nominations to the Commission for a 90-day review period by Council.⁵

Financial Plan Impact

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill.

Title I permanently authorizes the Reverse Mortgage Foreclosure Prevention Program but does not require any particular level of spending on the program. DCHFA has a remaining balance of over \$200,000 in funding available to support the program, and it can administer the distribution of remaining funds and any future appropriations for the program within current resources.

Title II, Subtitle A removes the moratorium on voluntary agreements between landlords and tenants but allows individual tenants to opt out of the agreements. Temporary moratoriums have been in effect since 2020, with the most recent extension occurring in June 2024. The current financial plan does not include any estimated change in tax revenue associated with the resumption of voluntary agreements. To the extent that future voluntary agreements increase rents and rental income to landlords, income tax and property tax receipts could increase. However, it has been four years since the agreements were last allowed, so there is insufficient information about the likely number and timing of agreements to certify additional revenue at this time. As the moratorium is scheduled to end in January 2025, the collection and processing of voluntary agreements will take place using current resources. Title II, Subtitle B adjusts the rental housing appeals process and deadlines, and the changes can be administered by RHC, RA, and OAH within current resources.

Title II, Subtitle C's elimination of Certificates of Assurance does not have a fiscal impact. No Certificates of Assurance have been issued under the current law.

Title III's changes to laws regarding condominium and cooperative association boards do not impact District government agencies.

Title IV's clarification of ex-officio non-voting members of the Commission on Re-entry and Returning Citizens does not have a fiscal impact.

⁵ D.C. Official Code § 1-523.01(e).