


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: April 27, 2026

SUBJECT: Fiscal Impact Statement – Housing with Integrity Amendment Act of 2026

REFERENCE: Bill 26-0287, Draft Committee Print as provided to the Office of Revenue Analysis on April 2, 2026

Conclusion

Funds are not sufficient in the fiscal year 2026 and proposed fiscal year 2027 through fiscal year 2029 budget and financial plan to implement the bill. The bill costs \$3.2 million in fiscal year 2026 and \$32.7 million through fiscal year 2030. These costs include costs for the underlying, unfunded law which the bill would amend.

Background

The Department of Licensing and Consumer Protection (DLCP) is responsible for regulating business activity in the District through its enforcement of consumer protection laws; issuance of business and professional licenses; registration of corporations; inspection of weighing and measuring devices used for monetary profit; and issuance of special events permits.¹

The bill requires DLCP to deny, suspend, or revoke a business license in the housing or lodging services category if the applicant (or its members) owns a rental property with 10 or more units where 30% or more of the property's total number of units have uncured Class 1 or 2 infractions for 90 or more days. DLCP is directed to verify compliance with the Department of Buildings (DOB).

¹ District of Columbia Department of Licensing and Consumer Protection. (January 15, 2026). About DLCP. Retrieved from DC Department of Licensing and Consumer Protection: <https://dlcp.dc.gov/node/1614271>

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In 2024, the District enacted the Proactive Inspection Program Act (Act) but that Act remains subject to appropriations.² The Act required DOB to establish a program to proactively inspect all multifamily rental housing properties and classify those properties into a tiered system, which would determine the property's inspection schedule. The two tiers established under the Act would require DOB to inspect all properties on a two- or six-year cycle. The bill amends the Act to add a third tier³, which would require properties classified as Tier 1 to be proactively inspected twice annually if the property has 10 or more units where 30% or more of the units have uncured Class 1 or 2 infractions for 90 or more days. ¹ Properties in Tier 2 would be inspected at least once every two years; and properties in Tier 3 would be inspected at least once every six years

The Department of Buildings (DOB) currently manages a Proactive Inspection Program⁴ (Program) where it inspects multi-unit residential properties to ensure residential units are safe and properties comply with applicable building codes. DOB runs all properties through an algorithm that looks at various criteria and identifies buildings that should be proactively inspected. DOB then sets out to inspect 100 percent of the units in these buildings. DOB issues a notice of infraction (NOI) for violations it finds. Property owners must rectify violations within certain time periods, depending on their severity.

The Act expanded the existing algorithm criteria⁵ that DOB can consider when building the algorithm, including the number of stop-work orders; the number of violations for improper solid waste storage; the length of time code violations remained unabated; delinquent property taxes; and locations in areas disproportionately affected by elevated lead blood levels among children, pediatric asthma, and characteristics of vulnerable populations.⁶

Current law⁷ requires domestic filing entities, limited liability partnerships, and registered foreign entities to submit a biennial report to the Mayor⁸ that includes specific information⁹ and disclosure of names and addresses of anyone with more than 10% ownership; and anyone with 10% or less ownership who controls financial/operational decisions or daily operations. This applies to both the entity and any foreign entities listed in the filing. If the filing does not include this information, the entity is denied registration in the District. If the information is modified or updated after the filing, the entity must file articles of amendment to reflect the change. The bill adds penalties for ownership disclosure violations and requires the DLCP to deny, suspend, or revoke a business license in the housing or lodging services category to an entity that files a registration in the District that does not

² Effective March 23, 2024 (D.C. Law 25-141; D.C. Official Code § 10-571.01 et. seq.).

³ Properties in Tier 2 would be inspected at least once every two years; and properties in Tier 3 would be inspected at least once every six years.

⁴ <https://dob.dc.gov/service/get-proactive-inspection-no-cost-residents-a0>

⁵ D.C. Official Code § 10-571.02. Existing criteria include the age of the property, the type of building, the status of the license, the legal structure of the licensee, and the history of code violations at the property.

⁶ Vulnerable populations include people with disabilities, foreign-born residents, households with extremely low income, and people with limited or no English proficiency.

⁷ D.C. Official Code § 29-102.01 et. seq..

⁸ D.C. Official Code § 29-102.11.

⁹ That is, the entity's name and formation jurisdiction; the name and street/ mailing address of the entity's registered agent in the District; the street/ mailing address of the principal office; the name of at least one governor; and for foreign entities, a statement confirming good standing in their home jurisdiction, or an explanation of efforts to regain it if not in good standing.

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include the required disclosures, or if the disclosure filed is incorrect or incomplete and not cured within 90 days of notification.

The bill establishes the occupational and professional licensure of property management firms. The bill requires property management firms¹⁰ obtain a firm license to operate in the District. The requirement is in addition to any Basic Business License requirement which may apply to the firm. To qualify, the firm must comply with District and federal licensing laws; ensure all managing personnel are licensed; assign a lead property manager for each property; and confirm all employees providing services hold valid licenses or certificates issued by the Real Estate Commission.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2026 and proposed fiscal year 2027 through fiscal year 2029 budget and financial plan to implement the bill. The bill costs \$3.2 million in fiscal year 2026 and \$32.7 million through fiscal year 2030. These costs include costs for the underlying Act which the bill would amend.

The Department of Buildings

DOB needs a total of \$2.3 million in fiscal year 2026 and \$25.5 million over the financial plan to implement the bill. The bill updates provisions of the Act that are currently subject-to-appropriation and required DOB to do proactive inspections on all multifamily residential properties on a two- or six-year cycle. The unfunded cost of the Act is \$1.2 million in fiscal year 2026 and \$8.5 million over the financial plan.

The bill also requires DOB to inspect twice annually properties with unabated Class 1 and 2 violations older than 90 business days in units that exceed 30% of their unit count. There are currently 10,400 units with unabated violations falling into this category that will need to be inspected twice annually at a minimum, with additional inspections required to verify abatements. For DOB to inspect every property over the prescribed cycles and successfully implement the program, DOB requires additional inspectors and support staff to perform an estimated 38,000 inspections in the bill's Tier 1. Proactive inspectors can perform 10 inspections per day and average 2,200 inspections per year, per inspector. Assuming that the underlying Act is funded, DOB additionally requires 13 new inspectors and two managers for the bill, at a cost of \$194,221 in fiscal year 2026 and \$7.5 million through fiscal year 2030. To support the inspectors, DOB requires ten additional vehicles, training and certification for inspectors through the International Code Council (ICC) at a cost of \$2,520 per inspector; and equipment, licensing, and workstations for each new hire at \$5,000 per employee. These additional costs are \$332,620 in fiscal year 2026 and \$1 million through fiscal year 2030.

DOB requires five support staff to help with inspections and NOI processing, two staffers for the alternative resolutions team, and two for the civil infractions team. The Program Support Specialists for the alternative resolutions and civil infractions teams will be responsible for quality review and identifying and confirming respondent information for NOIs; NOI service to respondents; NOI filing with the Office of Administrative Hearings (OAH) and responding to OAH orders; and recording Final

¹⁰ Including an individual who is a property manager employing another individual as a property manager.

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Orders through lien filing and coordination with the Central Collections Unit (CCU)¹¹. Salary, fringe and equipment for these nine staffers will cost \$209,221 in fiscal year 2026 and \$5.2 million through fiscal year 2030.

DOB also requires two attorneys to help manage adjudications for the expected additional contested NOIs to include handling settlements and litigations at OAH related to housing code violations when the property owner fails to remediate.

Finally, DOB requires two data analysts. These staffers will ensure that the inspection schedule algorithm is updated, the bill's reporting requirements are met, and support is provided to building owners once the new tier system and inspection program is launched. Salary and fringe for the attorneys and data analysts cost \$291,000 in fiscal year 2026 and \$3.0 million through fiscal year 2030. Technology updates for systems configuration requirements for inspection workflows, code violation lists, and testing will cost \$25,000 in fiscal year 2026 and \$231,000 through fiscal year 2030.

¹¹ The CCU was established by the passage of the Delinquent Debt Recovery Act of 2012, effective Sept. 20, 2012 (D.C. Law 19-168; D.C. Official Code § 1-350.01 et. seq.), to collect non-tax debts owed to the District. All District Agencies must make arrangements to transfer delinquent debts more than 90 days delinquent to the CCU with the exception of the Office of Tax and Revenue (OTR), Water and Sewer Authority (WASA) and child support per the Act.

| Housing with Integrity Amendment Act of 2025 The Department of Buildings Fiscal Year 2026 – Fiscal Year 2030 (thousands \$) | | | | | | |
|--|------------------------------|----------------|------------------------------|----------------|----------------|-----------------|
| | FY 2026^(a) | FY 2027 | FY 2028^(b) | FY 2029 | FY 2030 | Total |
| Unfunded Costs from Proactive Program Inspection Act | | | | | | |
| Total costs | \$1,241 | \$1,762 | \$1,797 | \$1,833 | \$1,870 | \$8,503 |
| Prospective Inspections | | | | | | |
| Salary ^(c) | \$156 | \$996 | \$1,409 | \$1,437 | \$1,466 | \$5,464 |
| Fringe ^(d) | \$38 | \$243 | \$479 | \$591 | \$730 | \$2,082 |
| Training, Certification and Equipment | \$50 | \$64 | \$47 | \$48 | \$49 | \$258 |
| Vehicle Purchase and Maintenance ^(e) | \$283 | \$326 | \$52 | \$53 | \$54 | \$768 |
| Subtotal | \$527 | \$1,629 | \$1,987 | \$2,129 | \$2,299 | \$8,572 |
| Inspection Support and NOI Processing | | | | | | |
| Salary ^(f) | \$156 | \$956 | \$975 | \$995 | \$1,015 | \$4,098 |
| Fringe ^(d) | \$38 | \$233 | \$239 | \$244 | \$250 | \$1,004 |
| Equipment | \$15 | \$31 | \$26 | \$27 | \$27 | \$125 |
| Subtotal | \$209 | \$1,220 | \$1,240 | \$1,266 | \$1,292 | \$5,227 |
| Attorneys and Business Data Analysts | | | | | | |
| Salary ^(g) | \$234 | \$478 | \$488 | \$498 | \$508 | \$2,206 |
| Fringe ^(d) | \$57 | \$130 | \$161 | \$198 | \$245 | \$791 |
| IT Systems Initial Configuration and Annual Testing | \$25 | \$50 | \$51 | \$52 | \$53 | \$231 |
| Subtotal | \$316 | \$658 | \$700 | \$748 | \$806 | \$3,228 |
| TOTAL | \$2,293 | \$5,269 | \$5,724 | \$5,976 | \$6,267 | \$25,529 |

Table Notes (continues on next page):

- (a) Fiscal Year 2026 accounts for six months of costs.
- (b) Fiscal Year 2028 assumes all employees are hired and subsequent related costs are realized.
- (c) Thirteen Grade 12, Step 5 CS inspectors and two Grade 13 MSS Program Managers. Fiscal Year 2026 assumes three inspectors are hired. Fiscal Year 2027 assumes seven inspectors are hired and two managers. Fiscal Year 2028 assumes all positions are filled. Assumes annual 2 percent growth.
- (d) Fringe rate of 24.3 percent. Assumes 2.35 percent annual growth.
- (e) Assumes five vehicles are purchased in Fiscal Year 2026 and the remaining vehicles are purchased in Fiscal Year 2027.

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- (f) Nine Grade 12, Step 5 CS Program Support Specialists. Fiscal Year 2026 assumes three Specialists are hired. Fiscal Year 2027 assumes all positions are filled. Assumes annual 2 percent growth.
- (g) Two (2) Grade 14, Step 5 Attorneys and two Grade 12, Step 5 CS Program Support Specialists. Assumes all positions are filled in fiscal year 2026.

The Department of Licensing and Consumer Protection

DLCP needs a total of \$688,000 in fiscal year 2026 and \$5.6 million over the financial plan to implement the bill.

The bill requires DLCP's Director to deny the issuance of a business license in the housing services license category or to suspend or revoke a license if the individual or business entity has an ownership interest in a rental property with 10 or more rental housing units and the total number of unabated Class 1 and Class 2 infractions equals 30% of the property's total number of rental housing units, with each infraction unabated for 90 days. To implement this bill, DLCP's Business Licensing Division (BLD) requires a Paralegal who will coordinate with DOB to determine which entities and individuals have outstanding NOIs prior to licensure approval. Further, DLCP anticipates requiring an additional two Business Licensing Specialists who will be responsible for continuous updates to the business licensing system to safeguard against license issuance for individuals who apply under a different name. The paralegal costs \$61,487 in fiscal year 2026 and \$570,609 through fiscal year 2030. The business licensing specialists cost \$95,106 in fiscal year 2026 and \$882,682 through fiscal year 2030.

Due to the high volume of unabated housing code violations¹² as well as the bill's ownership disclosure updates, DLCP anticipates having to deny, revoke or suspend thousands of property owner's licenses. This will result in an increase in appeals handled by DLCP's Office of the General Counsel (OGC). DLCP's OGC has four attorneys dedicated to handling OAH cases, one of whom also handles employment matters. On average, the attorneys' caseload ranges from 20-30 cases. DLCP anticipates needing one Paralegal for the division to handle the increase in case management and an additional five Attorney Advisors to maintain even caseload distribution and turnaround time for OAH appeals. The paralegal costs \$61,487 in fiscal year 2026 and \$570,609 through fiscal year 2030. These attorneys cost \$360,014 in fiscal year 2026 and \$3.3 million through fiscal year 2030.

DLCP requires \$10,000 in FY 2026 and \$52,040 through fiscal year 2030 for annual training regarding the changes to the property management requirements for DLCP's BLD, OGC, investigators, and Occupational and Professional Licensing division.

DLCP expects technology upgrades will be necessary to adequately share information with DOB. While both agencies utilize Accela, the systems do not interface and the process for referrals is manual. DLCP requires \$100,000 in fiscal year 2026 and \$203,040 through fiscal year 2030 for information technology enhancements and ongoing maintenance.

¹² In fiscal year 2025, DOB received 11,202 housing code violation complains, and 61.1% of violations went unabated.

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| Housing with Integrity Amendment Act of 2025 The Department of Licensing and Consumer Protection Fiscal Year 2026 – Fiscal Year 2030 (thousands \$) | | | | | | |
|--|----------------------------------|----------------------------------|--------------------|--------------------|--------------------|----------------|
| | FY 2026^(a) | FY 2027^(b) | FY 2028 | FY 2029 | FY 2030 | Total |
| Salary ^(c) | \$464 | \$947 | \$966 | \$985 | \$1,005 | \$4,368 |
| Fringe ^(d) | \$114 | \$213 | \$218 | \$223 | \$229 | \$997 |
| Staff Training ^(e) | \$10 | \$10 | \$10 | \$11 | \$11 | \$52 |
| IT Systems Initial Configuration and Maintenance ^(f) | \$100 | \$25 | \$26 | \$26 | \$27 | \$203 |
| TOTAL | \$688 | \$1,196 | \$1,220 | \$1,245 | \$1,271 | \$5,620 |

Table Notes:

- (a) Fiscal Year 2026 accounts for six months of costs.
- (b) Fiscal Year 2027 assumes all employees are hired and subsequent related costs are realized.
- (c) Two Grade 13, Step 1 CS paralegals, five Grade 13, Step 1 Legal Services (LS) Attorneys, and two Grade 11, Step 1 CS Professional and Scientific Business Licensing Specialists. Assumes annual 2 percent growth.
- (d) Fringe rate of 24.5 percent. Assumes 2.35 percent annual growth.
- (e) Assumes a full year of costs for existing staff to be trained.
- (f) Fiscal year 2026 includes one-time costs.

The Office of Administrative Hearings

OAH requires \$192,000 in fiscal year 2026 and \$1.6 million over the financial plan to implement the bill.

As DLCP suspends, denies, or revokes a license, OAH expects that those applicants or members will seek due process before OAH. Moreover, the agency anticipates those individuals or businesses will invoke the emergency hearing process, which requires a hearing be held within three business days and a decision within 72 hours following the hearing. As such, OAH anticipates a significant increase in workload.

OAH reports that even a moderate increase in filings creates significant operational pressure on the agency due to existing caseload levels, which are already at historically high volumes. OAH saw over 44,000 cases filed in fiscal year 2025, the largest number ever filed with the agency and almost triple the number filed in 2021. To provide litigants appearing before OAH with legally mandated due process, OAH must manage a matter through its entire life cycle, from scheduling matters, processing of all court filings, conducting hearings based on the individualized facts of a case, and issuance of orders that apply the facts of the case to District law. Any incremental increase in cases will require additional staff.

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To manage the expected increase in caseload, OAH anticipates needing an additional Administrative Law Judge and a Legal Assistant. These positions will cost \$141,000 in fiscal year 2026 and \$1.3 million through fiscal year 2030. The Administrative Law Judge will conduct proceedings (including evidentiary hearings and status conferences), and draft orders based on the factual and legal merits of a case. The Legal Assistant will support case intake; perform data entry; manage scheduling; process and serve orders; and handle the administrative aspects of case record management.

OAH provides training for its staff to ensure compliance with OAH-specific systems, procedures, and legal requirements. This includes the OAH case management system, eCourt; the administrative litigation process, including hearing procedures and applicable OAH Rules of Procedure; legal requirements related to records management and confidentiality; and legal compliance requirements related to litigant accessibility to OAH. This training is specific to OAH and is not offered by any other agency, as those agencies have different internal processes unrelated to the internal rules, procedures, and regulations of OAH.

Each new hire requires standard operational tools that are necessary for the performance of their duties, including a laptop and workstation; secure network access; eCourt licenses provided by a third party vendor at an annual cost to OAH; licenses for the virtual hearing platform (WebEx); software licenses for devices; and office productivity software and security tools. To administer the provisions of the bill, OAH requires supplies such as postage for legally required notices and orders; office materials related to the issuance of orders (e.g., paper, ink, printers, toner, scanners, etc.); and other costs associated with managing records pursuant to the agency's records retention policy. OAH anticipates needing \$50,000 in fiscal year 2026 and \$260,000 through fiscal year 2030 to cover the cost of that training, equipment and licenses, supplies, and etc.

| Housing with Integrity Amendment Act of 2025 – The Office of Administrative Hearings Costs Fiscal Year 2026 – Fiscal Year 2030 (thousands \$) | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|----------------|
| | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | Total |
| Salary ^(a) | \$116 | \$237 | \$242 | \$247 | \$252 | \$1,094 |
| Fringe ^(b) | \$25 | \$52 | \$53 | \$54 | \$56 | \$240 |
| Equipment and Training | \$50 | \$51 | \$52 | \$53 | \$54 | \$260 |
| TOTAL | \$192 | \$340 | \$347 | \$354 | \$361 | \$1,594 |

Table Notes:

(a) One Administrative Law Judge and one Grade 5, Step 6 Legal Assistant. Assumes annual 2 percent growth. Fiscal year 2026 accounts for six months of costs.

(b) Fiscal year 2026 fringe rate of 21.8 percent. Assumes annual 2.35 percent growth.

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| Housing with Integrity Amendment Act of 2025 – Total Costs | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|--------------|
| Fiscal Year 2026 – Fiscal Year 2030 | | | | | | |
| (thousands \$) | | | | | | |
| | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | Total |
| DOB: Costs of the Unfunded Act | \$1,241 | \$1,762 | \$1,797 | \$1,833 | \$1,870 | \$8,503 |
| DOB: Prospective Inspections | \$527 | \$1,629 | \$1,987 | \$2,129 | \$2,299 | \$8,572 |
| DOB: Inspection Support | \$209 | \$1,220 | \$1,240 | \$1,266 | \$1,292 | \$5,227 |
| DOB: NOI Processing | \$316 | \$658 | \$700 | \$748 | \$806 | \$3,228 |
| DLCP | \$688 | \$1,196 | \$1,220 | \$1,245 | \$1,271 | \$5,620 |
| OAH | \$192 | \$340 | \$347 | \$354 | \$361 | \$1,594 |
| | | | | | | |
| TOTAL | \$3,173 | \$6,805 | \$7,291 | \$7,575 | \$7,899 | \$32,743 |