

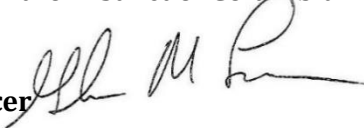
Government of the District of Columbia
Office of the Chief Financial Officer



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: September 16, 2024

SUBJECT: Fiscal Impact Statement – Protecting Adjacent and Adjoining Property Owners from Construction Damage Amendment Act of 2024

REFERENCE: Bill 25-654, Draft Committee Print as provided to the Office of Revenue Analysis August 27, 2024

Conclusion

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

Background

To operate in the District, general contractors, construction managers, and home improvement contractors must obtain and hold liability insurance. In 2022, the Council approved new protections for property owners who live adjacent to or are adjoining properties with a property under construction.¹ The District now requires a permit applicant to provide liability insurance that covers adjacent and adjoining properties for the following types of permits: demolition; excavation; razing; sheeting and shoring; and any addition, alteration, or repair at the property line or to a party wall.

The bill expands the types of permits subject to the increased liability insurance requirement to include foundation, new building, underpinning, and any construction activity that would otherwise require one of the enumerated permit types. The bill extends from thirty days to ninety days the insurance requirement applicability to the enumerated permit types after the Mayor issues emergency or final rules. The bill also amends the definition of an adjacent property to remove the

¹ Protecting Adjacent and Adjoining Property Owners from Construction Damage Amendment Act of 2022, effective March 22, 2023 (D.C. Law 24-339; D.C. Official Code § 6-1405.01).

The Honorable Phil Mendelson

FIS: Bill 25-654, "Protecting Adjacent and Adjoining Property Owners from Construction Damage Amendment Act of 2024," Draft Committee Print as provided to the Office of Revenue Analysis on August 27, 2024

requirement that the neighboring property be separated by an alley or other public space from the property for which the permit has been issued.

Financial Plan Impact

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The Department of Buildings can review proof of insurance required for additional permit types within its current resources and can provide existing permittees with an expanded grace period following the issuance of rules. The Department of Securities, Insurance and Banking can carry out any needed engagement with insurance providers within its current funding levels.