

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: July 8, 2025

SUBJECT: Fiscal Impact Statement – Rebalancing Expectations for Neighbors,
Tenants, and Landlords (RENTAL) Act of 2025

REFERENCE: Bill 26-164, Draft Committee Print as provided to the Office of Revenue
Analysis from the Committee on Housing on July 8, 2025

Conclusion

Funds are not sufficient in the fiscal year 2025 budget and fiscal year 2026 through 2029 budget and financial plan to implement the bill. The bill will cost a total of \$3.1 million in fiscal year 2026 and \$10.6 million over the financial plan. All costs of the bill stem from Title IV.

Background

The following outlines each title of the bill. (Titles I, V, VII, VIII and X are omitted, per the draft of the bill which marks them as “reserved.”)

TITLE II

This title allows for the eviction of a tenant in a rental unit if the tenant is charged with a dangerous or violent offense that occurred in or adjacent to the housing unit and requires the court to hold an expedited hearing in such case. After determining, by a preponderance of evidence, that a tenant or occupant engaged in a dangerous or violent illegal act, the court would need to issue an order for eviction.

TITLE III

This title provides discretion to courts to not dismiss eviction cases for certain deficiencies. The title further provides that during eviction cases for nonpayment of rent, parties may petition for the deposit of rental payments into the court registry. The title clarifies procedures around protective orders and provides discretion around rent nonpayment for housing code violations.

TITLE IV

This title modifies the Tenant Opportunity to Purchase Act (TOPA) to address different financing and refinancing structures and clarify the definition of a "sale." The entry and exit of non-controlling investors in property ownership entities would not provide tenants with an opportunity to purchase the property. New construction projects would be exempt from TOPA for 15 years after construction. Sales in which an affordability covenant is recorded with the Recorder of Deeds would also be exempt from TOPA, provided that the covenant requires at least 51 percent of the building's units to be maintained at 80 percent of the Area Median Family Income for a period of at least 20 years. Tenants may assign their TOPA rights only for compensation of the following: relocation assistance, building affordability, tenant organizing expenses, or unit or building improvements.

The section requires the Mayor to establish a certification process for Tenant Support Providers, which have expertise in one or more of the following areas:

- The formation and governance of tenant organization and other legal and collective ownership structures,
- Technical support services for first-time homeowners;
- Obtaining financing for the purchase of real properties; or
- Assisting in the process of closing on property transactions.

Tenant Support Providers are prohibited from acting in a manner contrary to the interests of current tenants with TOPA rights and from having any present or financial interest in the property, and the Mayor must investigate any complaints regarding such prohibitions. The Mayor must also certify "qualified purchasers" who have the capacity to acquire, own, manage, or improve housing accommodations. All notices of sale provided to tenants must include notice that tenants have the right to no-cost technical assistance provided by a Tenant Support Provider and a list of all certified providers. In addition, transfers to qualified purchasers under TOPA would be exempt from the deed recordation tax.

This title also requires the Mayor to review all offers of sale and transfer notices for compliance with TOPA, within seven days of receipt. The Mayor must establish a standard template for purchase contracts.

Finally, this title mandates new data collection and sharing mechanisms. The Mayor must establish and maintain a publicly accessible "TOPA transparency portal" to include offers of sale, notices of transfer, tenant organization registrations, and final sales agreements. It should be integrated with the Rent Control Housing Database.

TITLE VI

This title makes technical clarifications and corrections to the District's local low-income housing tax credit law to reflect a recent amendment¹ which requires the Department of Housing and Community Development (DHCD) to award eligibility for the local credits beginning in fiscal year 2025.

¹ D.C. Official Code 627(b-1)(1).

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TITLE IX

This title allows the Mayor to facilitate the sale of Inclusionary Zoning units for the purpose of reselling the units to eligible households.

TITLE XI

This title amends the District of Columbia Housing Authority Act of 1999 to revise the structure of the board of the District of Columbia Housing Authority ("Authority"), modify the schedule for annual financial accountability reports, provide flexibility for board and executive director training, update the public housing resident bill of rights, and add protections for residents whose public housing properties undergo federal subsidy repositioning. The section also adds more detail to a transition plan from the temporary Stabilization and Reform Board at the Authority and makes some changes to the election process for Commissioners.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2025 budget and fiscal year 2026 through 2029 budget and financial plan to implement the bill. The bill will cost a total of \$3.1 million in fiscal year 2026 and \$10.6 million over the financial plan. All costs of the bill stem from Title IV.

The requirements in Title IV significantly expand the regulatory scope of DHCD. Currently, DHCD's TOPA administration is limited to ensuring that tenants receive notice of proposed sales transactions and serving as the repository for notices. The bill requires DHCD to review each offer of sale and notice of transfer for the purpose of ensuring compliance with all statutory and regulatory requirements. The bill also requires DHCD to select and qualify a list of qualified service providers who can offer tenant associations support in exercising their TOPA rights, including service providers in the full range of specialized services that relate to real estate transactions, such as financial structuring, mortgage brokerage, and legal representation. DHCD would also be required to investigate complaints of conflicts of interests of qualified Tenant Support Providers. Similarly, the agency must certify a list of qualified purchasers according to the criteria established in the bill. In total, DHCD will need six new grade-13 rental conversion specialist positions, and four new grade 11/12 program assistants.

DHCD will also require non-personnel services to develop the required TOPA public portal and database, either as an enhancement to the Rent Control Housing Database or as an enhancement to systems currently used for TOPA notices but with an integration to the Rent Control Housing Database, as the bill requires. The cost is currently estimated at \$700,000 but is subject to change once the scope of work is completed.

Finally, the deed recordation tax exemption for qualified purchasers is estimated to cost approximately \$1.1 million annually in foregone recordation tax revenue.

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Rebalancing Expectations For Neighbors, Tenants, and Landlords (RENTAL) Act of 2025					
Total Cost					
	FY 2026	FY 2027	FY 2028	FY 2029	Total
TITLE IV - DHCD positions ^a	\$1,318,680	\$1,345,054	\$1,371,955	\$1,399,394	\$5,435,082
TITLE IV - IT costs	\$700,000	\$0	\$0	\$0	\$700,000
TITLE IV -Tax exemptions ^b	\$1,087,500	\$1,109,250	\$1,131,435	\$1,154,064	\$4,482,359
Total	\$3,106,180	\$2,454,304	\$2,503,390	\$2,553,457	\$10,617,331

Table Notes

a) Includes salary and fringe

b) The cost of the tax exemption is split 85% to Local Funds and 15% to Housing Production Trust Fund