

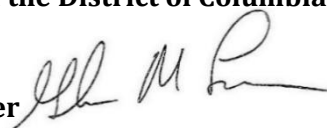
Government of the District of Columbia
Office of the Chief Financial Officer



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: October 20, 2026

SUBJECT: Fiscal Impact Statement – Strengthening Tenant Receivership and Oversight for Neighborhood Growth (STRONG) Homes Amendment Act of 2026

REFERENCE: Bill 26-493, Draft Committee Print as provided to the Office of Revenue Analysis on October 5, 2026

Conclusion

Funds are sufficient in the fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill.

Background

Some residential property owners in the District neglect their properties that may result in hazardous conditions, despite repeated enforcement actions by the Department of Buildings (DOB). This may ultimately result in DOB working with the Office of the Attorney General (OAG) to petition a court to compel abatements, turn the property over to a receiver, or allow for the sale of the property to a new owner. If the court appoints a receiver, that receiver will receive funds from the property owner and tenant rent payments to perform the necessary repairs. In some cases, OAG may provide initial funding for a receiver to perform emergency repairs or the District itself may perform emergency repairs to protect the health and safety of residents.

The bill expands the types of unabated violations posing a serious threat to health, safety, or security of tenants that make a property eligible for receivership to include violations of the Air Quality Amendment Act.¹ The bill expands what is considered a serious threat to include indoor mold

¹ Effective September 9, 2014 (D.C. Law 20-135; D.C. Official Code § 8-241.01 *et seq.*).

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contamination, inoperable cooking or refrigeration appliances, inadequate trash removal, inoperable climate control, or a lack of utility services. The bill also expands how DOB or the Department of Licensing and Consumer Protection can properly notice a violation to include an email to a property owner, lessor, or manager. The bill establishes that the court does not need to automatically grant injunctive relief to prevent illegal construction. The bill expands the injunctive relief to include repairs or other work necessary to comply with orders under the District's construction codes.

The bill amends some of the court processes for hearing OAG's petition and appointment of a receiver. The bill requires the court to quickly schedule a hearing on the petition and eliminates the allowance for the court to consider a property owner's abatement plan related to the violations issued by the District. The bill establishes a rebuttable presumption in favor of appointing a receiver if the property owner has failed to comply or make progress toward complying with a preliminary injunction issued by the court. The bill requires a property owner to provide financial disclosures at the request of the petitioner to evaluate the owner's ability to pay the costs of the receivership. The bill requires OAG to record on the title of the property with the Recorder of Deeds a notice of the pendency that the court has appointed a receiver for the property.

The bill authorizes the court to establish the powers and duties of the receiver that are currently enumerated in District law,² while maintaining those enumerated powers and duties as guidance for the courts to consider for inclusion in its order. The bill suggests that the court include in its notice requirements for the receiver, that the receiver also notice any federal or local government agency or instrumentality that subsidizes rent or other payments for tenants of the property. The bill suggests the court increase the frequency of receiver abatement plan progress reports from every six months to every three months. The bill extends receiver liability protections for anything other than gross negligence or intentional wrongdoing to include anyone hired by the receiver to perform the receiver's duties. While a receiver is currently entitled to receive reasonable fees from the property owner for their work, the bill establishes structure around those fees, including a requirement that the receiver submit fee petitions to the court, deadlines and penalties for late payments, and authorization for the receiver to petition the court to convert the fee petition to a final order, allowing the receiver to take any legal steps to recover its fees from the property owner. If the property owner does not pay the receiver's fees within ninety days, the unpaid balance becomes a lien on the owner's property. The bill prohibits a property owner from instituting any rent increases during the period of receivership or after the termination of the receivership to recover any costs of the receivership.

The bill also amends the court's powers around extending or terminating a receivership or authorizing a receiver to sell the property. Currently, the court can extend a receivership and authorize the receiver to sell the property to an owner capable of maintaining the property. The bill establishes that if the court determines that a property owner cannot afford to rehabilitate the property or is acting in bad faith, those are sufficient conditions to extend the receivership and authorize the receiver to sell the property. The bill charges the receiver with marketing the property, requesting proposals from purchasers, determining that a potential purchaser is capable of funding, maintaining, and rehabilitating the property, and providing this information to the court. The bill requires a potential purchaser to submit a notarized statement to DOB acknowledging the receipt of any outstanding notices of violation or other orders and that the purchaser accept responsibility for their abatement and compliance. The court would select the purchaser and authorize the receiver to

² D.C. Official Code § 42-3651.06.

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move forward with the sale. The bill establishes conditions for the court to terminate the receivership when ownership of the property changes hands.

When the court orders a property into receivership and the property owner does not have sufficient funds to provide to the receiver to make initial or emergency repairs, OAG can provide the receiver funds from the Tenant Receivership Abatement Fund (Fund).³ The Fund receives resources from other OAG funds and repayments from property owners where OAG was authorized to provide funding as previously described.⁴ The Fund is capped at \$2 million, with any excess receipts over \$2 million transferred to OAG's Litigation Support Fund.⁵ The bill removes the \$2 million cap and transfers to the Litigation Support Fund. The bill also expands how the receiver can use funds received from OAG to include maintaining utilities, property management, security, or other critical services; relocating or maintaining tenants displaced by initial or emergency repairs; and paying the receiver's reasonable fees.

Many landlords use single-purpose limited liability corporations (LLC) or limited partnerships as the ownership structure of their properties. The bill authorizes OAG to seek a judicial dissolution of LLCs or limited partnerships when necessary.

Financial Plan Impact

Funds are sufficient in the fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill. The legislation primarily amends the actions the court can take when assessing a petition by OAG for receivership of a negligent residential property. The courts will need to work within the bill's provisions for assessing petitions, ordering a receivership, extending or terminating a receivership, or directing the sale of a property. The bill's provision to eliminate the opportunity for a property owner to provide an abatement plan during the court's consideration of OAG's position will allow properties to move to receivership faster, while also incentivizing property owners to work with DOB on abatement plans before the case gets into the court system. The bill's provisions to seek an injunction to compel abatements related to the District's construction codes could also resolve issues before proceeding with a petition for a receiver. DOB has hundreds of addresses that it engages with OAG on related to housing and construction code violations, but many are owned by single owners and some are already in legal proceedings. DOB estimates the bill could increase receivership petition cases by ten to fifteen cases annually after the first few years of the bill's implementation. Despite the likely increase in caseloads presented for receivership, neither OAG nor DOB require additional budgeted resources to support those proceedings or any of the bill's other provisions.

³ Tenant Receivership Act of 2021, effective November 13, 2021 (D.C. Law 24-45; D.C. Official Code § 1-301.86e).

⁴ Currently, late payments incur 6 percent interest. The bill increases the interest to 8 percent for amounts due for more than one year.

⁵ D.C. Official Code § 1-301.86b.