


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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: July 5, 2016

SUBJECT: UPDATED Fiscal Impact Statement – Rental Housing Late Fee Fairness
Amendment Act of 2016

REFERENCE: Bill 21-647, Draft Committee Print sent to the Office of Revenue
Analysis on June 30, 2016

This updated fiscal impact statement replaces the statement we issued for this bill on June 22, 2016. We updated the "Background" section of the statement to reflect changes Council made to the bill. None of the changes affect the fiscal impact of the bill.

Conclusion

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill.

Background

The bill caps¹ the late fee a landlord can charge a tenant for paying rent late at five percent of the tenant's monthly rent or \$50, whichever is less.² It also establishes a grace period of five calendar days before the late fee can go into effect. The landlord can deduct the late fee from a tenant's security deposit, but cannot deduct the fee from a subsequent rent payment. Landlords must state the late fee amount in the tenant's lease.

Landlords cannot impose a late fee more than one time per late payment and cannot evict a tenant for not paying a late fee. Landlords also cannot charge interest on a late fee.

¹ By amending the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Code § 42-3501.01 et seq.)

² A landlord cannot charge a tenant a late fee for the portion of rent due from a government subsidy provider.

The Honorable Phil Mendelson

FIS: B21-647, "Rental Housing Late Fee Fairness Amendment Act of 2016," Draft Committee Print sent to the Office of Revenue Analysis on June 30, 2016

If a landlord knowingly or willfully violates the bill, they will need to refund the tenant the amount they overcharged (or triple that amount, if the landlord acted in bad faith) and will be subject to a civil fine of between \$100 and \$5,000 for each violation.

Financial Plan Impact

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill.

Since the bill affects transactions between landlords and tenants, it will have minimal impact on District government operations. It is possible that the bill could increase the number of cases the Office of Administrative Hearings (OAH) needs to adjudicate, but the OAH believes the bill will not have a significant impact on its workload.

Any civil fines that the District collects will go into the general fund. We cannot reliably estimate the amount in fines the District will collect.