

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the Rental Housing Act of 1985 to provide that an owner of housing who reduces the number of units in an accommodation of greater than 3 but fewer than 11 units pay a fee to the Mayor, create a fee exemption if a unit is rented in certain circumstances, direct the Mayor to deposit into the Housing Production Trust Fund all fees collected, provide for damages when a housing provider repossesses a rental unit from a tenant to personally use and occupy or sell a housing unit for personal use and occupancy and subsequently receives rent within the following 12-month period, and provide that a tenant who recovers damages shall not be barred from bringing any other available civil action; to amend the Conversion of Rental Housing to Condominium or Cooperative Status Act of 1980 to provide that an owner of housing who reduces the number of units in an accommodation of greater than 3 but fewer than 11 units pay a fee to the Mayor, expand the fee exemption if a unit is rented in certain circumstances, and direct the Mayor to deposit into the Housing Production Trust Fund the fees collected; and to amend the Housing Production Trust Fund Act of 1988 to provide that by a specified date all fees above \$692,000 annually collected pursuant to the Conversion of Rental Housing to Condominium or Cooperative Status Act of 1980 be deposited in the Housing Production Trust Fund.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Housing Conversion and Eviction Clarification Amendment Act of 2020”.

Sec. 2. The Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3501.01 *et seq.*), is amended as follows:

(a) The table of contents is amended by adding 3 new section designations to read as follows:

“Sec. 908. Inspection of rental housing.

“Sec. 909. Restrictions on tobacco smoking.

“Sec. 910. Fee for reduction of units.”.

(b) Section 501 (D.C. Official Code § 42-3505.01) is amended by adding a new subsection (e-1) to read as follows:

“(e-1)(1) A housing provider who recovers possession pursuant to subsection (d) or (e) of this section, or a person who purchases property from a housing provider who recovers possession pursuant to subsection (e) of this section, who, during the 12-month period beginning on the date on which the rental unit was originally repossessed by the housing provider, demands or receives from a new tenant rent for the rental unit that was repossessed or fails to personally use and occupy the rental unit shall be liable to the former tenant for:

“(A) Reasonable relocation costs; and

“(B) Additional damages in the amount of the greater of the rent charged in the last month before the rental unit was repossessed or the small area fair market rent published by the U.S. Department of Housing and Urban Development multiplied by whichever of the following is fewer:

“(i) The number of months that have elapsed between the date on which the rental unit was originally repossessed and the date on which the housing provider sells or begins to personally use and occupy the rental unit; or

“(ii) Twelve.

“(2) A housing provider shall not be liable for damages pursuant to paragraph (1) of this subsection if the housing provider can demonstrate that, acting in good faith, he or she failed to sell or to personally use and occupy the housing accommodation due to circumstances outside of the housing provider’s control that arose after the rental unit was repossessed.

“(3) A tenant who recovers damages pursuant to this subsection shall not be barred from bringing any other available civil action that may arise from the same circumstances.”.

(c) A new section 910 is added to read as follows:

“Sec. 910. Fee for reduction of units.

“(a) A housing provider who reduces the number of units in a housing accommodation containing more than 3 and fewer than 11 units, each with a separate certificate of occupancy, including vacant buildings, shall pay the Mayor a fee of 5% of the appraised value of the most valuable unit in the building multiplied by the multiplier calculated pursuant to subsection (b) of this section.

“(b)(1) To calculate the multiplier, the Mayor shall subtract the number of remaining units from the number of existing units, and then, if the housing provider so elects, subtract the number of remaining units that are exempted units.

“(2) For the purposes of this subsection, the term “exempted unit” means a unit that:

“(A) Is rented to a low-income household;

“(B) Is rented to a tenant who, as determined by the Mayor:

“(i) Has maintained a rental unit in the building complex as the principal place of residence for at least one year prior to the housing provider’s reduction of the number of units;

“(ii) Is a domiciliary of the District; and

“(iii) Is entitled to the possession, occupancy, or benefits of the rental unit;

“(C) Is rented to a person who is an elderly tenant or a tenant with a disability, as determined by the Mayor under section 224(d), that does not have a total annual household income, as determined by the Mayor, greater than 100% of the area median income, as that term is defined in section 2(1) of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2801(1)); or

“(D) Gains at least one additional bedroom in the process of the reduction of units.

“(3) To qualify for an exemption under paragraph (1) of this subsection, a housing provider shall, for each exempted unit:

“(A) Set the rent at no higher than:

“(i) If seeking an exemption pursuant to paragraph (2)(A), (B), or (C) of this subsection, the rent level before the reduction in units or 30% of the tenant’s income, whichever is lower; or

“(ii) If seeking an exemption pursuant to paragraph (2)(D) of this subsection, an amount, determined by the Mayor through rulemaking, that is affordable to a household whose income does not exceed 100% of the area median income, as that term is defined in section 2(1) of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2801(1));

“(B) Increase the rent by no more, and no more often, than the increases allowed under section 208 for the duration of the tenant’s tenancy or 5 years, whichever is longer; and

“(C) Otherwise maintain the same lease terms as before the reduction in the number of units.

“(4) The number calculated under paragraph (2) of this subsection shall not be less than zero.

“(c) This section shall not apply to a building that the Mayor has determined to be a blighted vacant building, as that term is defined in section 5(1) of An Act To provide for the abatement of nuisances in the District of Columbia by the Commissioners of said District, and for other purposes, approved April 14, 1906 (34 Stat. 114; D.C. Official Code § 42-3131.05(1)).

“(d) The Mayor shall deposit into the Housing Production Trust Fund, created pursuant to the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2801, *et seq.*), all fees paid pursuant to this section as of the effective date of the Housing Conversion and Eviction Clarification Amendment Act of 2020, passed on 2nd reading on February 4, 2020 (Enrolled version of Bill 23-48).

“(e) For the purposes of this section, “low-income” means annual household income, as determined by the Mayor, no greater than 80% of the area median income, as defined in section 202(1) of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2801(1)).

“(f) The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), may issue rules to implement the provisions of this section.”.

Sec. 3. Section 204 of the Conversion of Rental Housing to Condominium or Cooperative Status Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3402.04), is amended as follows:

(a) Subsection (a-1) is amended as follows:

(1) The existing text is designated as paragraph (1).

(2) A new paragraph (2) is added to read as follows:

“(2) An owner who converts a housing accommodation containing more than 3 and fewer than 11 units, each with a separate certificate of occupancy, including vacant buildings but excluding a building that the Mayor has determined to be a blighted vacant building, as that term is defined in section 5(1) of An Act To provide for the abatement of nuisances in the District of Columbia by the Commissioners of said District, and for other purposes, approved April 14, 1906 (34 Stat. 114; D.C. Official Code § 42-3131.05(1)), and thereby reduces the number of units in the housing accommodation, shall pay the Mayor an additional conversion fee of 5% of the appraised value of the most valuable unit in the building multiplied by the net decrease in units. When calculating the net decrease in units pursuant to this paragraph, the Mayor shall subtract one unit for each unit that qualifies for the fee exemption under subsection (b) of this section; except, that the result shall not be less than zero.”.

(b) Subsection (b) is amended as follows:

(1) The lead-in language is amended by striking the phrase “a conversion fee for a condominium unit” and inserting the phrase “conversion fees under subsection (a-1) of this section”.

(2) Paragraph (1) is amended by striking the phrase “Is sold to a low-income household” and inserting the phrase “Is sold or rented to a low-income household” in its place.

(3) Paragraph (2) is amended by striking the phrase “Is sold to a member of a household” and inserting the phrase “Is sold or rented to a member of a household” in its place.

(4) Paragraph (3) is amended as follows:

“(A) Subparagraph (A) is amended by striking the phrase “Is sold to a person” and inserting the phrase “Is sold or rented to a person” in its place.

“(B) Subparagraph (B) is amended by striking the phrase “; or” and inserting a semicolon in its place.

(5) Subparagraph 4(B) is amended by striking the period and inserting the phrase “; or” in its place.

(6) A new paragraph (5) is added to read as follows:

“(5) Gains at least one additional bedroom in the process of the reduction of units.”.

(c) Subsection (b-1) is amended by striking the word “fee” wherever it appears and inserting the word “fees” in its place.

(d) A new subsection (b-2) is added to read as follows:

“(b-2) To qualify for the exemption under subsection (b) of this section, if the unit is rented, the owner shall:

“(1) Set the rent at no higher than:

“(A) If seeking an exemption pursuant to subsection (b)(1), (2), or (3) of this section, the rent level before the conversion or 30% of the tenant’s income, whichever is lower; or

“(B) If seeking an exemption pursuant to subsection (b)(5) of this section an amount, as determined by the Mayor through rulemaking, that is affordable to a household whose income does not exceed 100% of the area median income, as that term is defined in section 2(1) of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2801(1));

“(2) Increase the rent by no more, and no more often, than the increases allowed under section 208 of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3502.08), for the duration of the tenant’s tenancy or 5 years, whichever is longer; and

“(3) Otherwise maintain the same lease terms as before the reduction in the number of units.”.

(e) New subsections (d) and (e) are added to read as follows:

“(d) The Mayor shall deposit in the Housing Production Trust Fund, created pursuant to the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2801 *et seq.*), all fees paid pursuant to this section above \$692,000 annually, as of the effective date of the Housing Conversion and Eviction Clarification Amendment Act of 2020, passed on 2nd reading on February 4, 2020 (Enrolled version of Bill 23-48).

“(e) The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), may issue rules to implement the provisions of this section.”.

Sec. 4. Section 3(c) of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2802(c)), is amended as follows:

(a) Paragraph (16) is amended by striking the phrase “; and” and inserting a semicolon in its place.

(b) Paragraph (17) is amended by striking the period and inserting the phrase “; and” in its place.

(c) A new paragraph (18) is added to read as follows:

“(18) As of the effective date of the Housing Conversion and Eviction Clarification Amendment Act of 2020, passed on 2nd reading on February 4, 2020 (Enrolled version of Bill 23-48), all fees above \$692,000 annually collected pursuant to section 204 of the Conversion of

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Rental Housing to Condominium or Cooperative Status Act of 1980, effective September 10, 1980 (D.C. Law 3-86, D.C. Official Code § 42-3402.04), and section 910 of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3501.01 *et seq.*).”.

Sec. 5. Applicability.

(a) Sections 2(b) and 3 of this act shall apply upon the date of inclusion of its fiscal effect in an approved budget and financial plan.

(b) The Chief Financial Officer shall certify the date of the inclusion of the fiscal effect in an approved budget and financial plan, and provide notice to the Budget Director of the Council of the certification.

(c)(1) The Budget Director shall cause the notice of the certification to be published in the District of Columbia Register.

(2) The date of publication of the notice of certification shall not affect the applicability of this act.

Sec. 6. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

Sec. 7. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

Chairman
Council of the District of Columbia

Mayor
District of Columbia