

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend, on an emergency basis, Title 47 of the DC Official Code to provide for more timely classification changes for commercial properties that are to be put to residential use; to provide for an application process to make classification changes; to provide for appeal rights if such application is denied; and to provide for a claw back in the event the real property is not timely put to residential use.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Residential Building Permit Classification Emergency Amendment Act of 2025”.

Sec. 2. Section 47-813 of the District of Columbia Official Code is amended to read as follows:

(a) Subsection (c-9)(2) is amended as follows:

(1) Subparagraph (A) is amended to read as follows:

“(A) Except as otherwise provided in this paragraph and subject to paragraphs (4) and (5) of this subsection, Class 1A Property shall be comprised of:

“(i) Residential real property that is improved and its legal use is for nontransient residential dwelling purposes, and that is not Class 1B Property; provided, that

33 such property may be used to host transient guests pursuant to an unexpired short-term rental  
34 license endorsement issued pursuant to § 30-201.04; or

35                   “(ii) Real property, for which a building permit has been issued and  
36 construction has commenced to construct a new improvement, or substantially rehabilitate that  
37 portion or all of an existing improvement for exclusive, for predominantly nontransient  
38 residential dwelling purposes. Construction commencement shall be deemed to have occurred at  
39 such time as a party contracted by the owner has initiated work on the real property under a  
40 construction contract and mobilized equipment on the real property, or for which a supplemental  
41 assessment is issued under § 47-829 for construction or rehabilitation of that portion or all of an  
42 improvement for exclusive nontransient residential dwelling purposes; provided that this sub-  
43 subparagraph shall not apply to any tax year or part thereof once a subsequent annual assessment  
44 for the upcoming tax year is made under § 47-824 and the owner may apply for mixed-use under  
45 subsection (f) of this section; provided further that this sub-subparagraph shall apply only to real  
46 property that shall be Class 1A Property as defined under sub-subparagraph (i) of this  
47 subparagraph.”.

48                   (2) Subparagraph (C) is amended by striking the phrase “designated as” and  
49 inserting the phrase “designated solely as” in its place.

50                   (b) Subsection (d-2) is amended by striking the phrase “Class 3 Property or Class 4  
51 Property,” and inserting the phrase “Class 2 Property, Class 3 Property, or Class 4 Property,” in  
52 its place.

53                   (c) A new subsection (d-3) is added to read as follows:

54                   “(d-3)(1) If real property changes classification pursuant to subsection (c-9)(2)(A)(ii)  
55 during the period:

56                               “(A) October 1 through March 31 of the tax year, the newly reclassified  
57 Class 1A Property, or portion thereof for exclusive residential use if already improved or  
58 assessed under § 47-829, shall be taxed at the Class 1A Property tax rate for the entire tax year;  
59 or

60                               “(B) April 1 through September 30 of the tax year, the newly reclassified  
61 Class 1A Property, or portion thereof for exclusive residential use if already improved or  
62 assessed under § 47-829, shall be taxed at the Class 1A Property tax rate for the second  
63 installment only.

64                               “(2) The owner shall apply for a change of classification under this paragraph and  
65 promptly provide complete documentation as prescribed by the Chief Financial Officer to  
66 substantiate any classification change under this paragraph and subsection (c-9)(2)(A)(ii) before  
67 any such change shall be effective, which may include a schedule of costs with supporting  
68 documentation.

69                               “(3) A change in classification under this paragraph and subsection (c-9)(2)(A)(ii)  
70 shall be effective beginning in the half tax year for which application is made under paragraph  
71 (2) of this subsection.

72                               “(4) If a classification change under this this paragraph and subsection (c-  
73 9)(2)(A)(ii) is determined to be erroneous because the real property was not put to predominantly  
74 residential use within the earlier of issuance of any new or amended certificate of occupancy  
75 (temporary or permanent) for any part of the improvement thereon or 3 years from issuance of  
76 the building permit, or the building permit expired and was not renewed within 1 year, the Chief  
77 Financial Officer shall reclassify and tax the real property without limitation for each tax year or  
78 half tax year in which the real property was improperly classified as Class 1A Property, subject

79 only to subsection (d-1)(5)(A-i) of this section if the property is determined to be Class 3  
80 Property or Class 4 Property, or subsection (d-2) of this section. In the event of such  
81 reclassification, penalty and interest shall be added beginning from the day the correct amount of  
82 tax should have been due but not paid if the property had been properly classified.

83 “(5) Within 45 days from the date of the notice of denial of Class 1A Property  
84 reclassification under this paragraph of this subsection, the owner may petition for an  
85 administrative review of the rescission or denial and appeal from a final determination thereof to  
86 the same extent as if the appeal were filed under § 47-825.01a(d)(2).

87 “(6) Notwithstanding the time limitations in subparagraphs (3) and (4) of this  
88 paragraph, the Chief Financial Officer in his or her discretion may grant an extension of time to  
89 comply to prevent an undue hardship to the owner.

90 “(7) The provisions of this paragraph, subsection (c-9)(2)(A)(ii) of this section,  
91 and § 47-829 shall not supersede the requirement to timely file for mixed-use classification for  
92 the upcoming tax year pursuant to subsection (f) of this section, where the annual assessment for  
93 such upcoming tax year is made under § 47-824 and the certificate of occupancy (final or  
94 temporary) was issued.”.

95 Sec. 3. Applicability.

96 This act shall apply as of April 1, 2025.

97 Sec. 4. Fiscal impact statement.

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

101 Sec. 5. Effective date.

102           This act shall take effect following approval by the Mayor (or in the event of veto by the  
103 Mayor, action by the Council to override the veto), and shall remain in effect for no longer than  
104 90 days, as provided for emergency acts of the Council of the District of Columbia in section  
105 412(a) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 788;  
106 D.C. Official Code § 1-204.12(a)).