

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend, on a temporary 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 Temporary 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

96 Sec. 3. Applicability.

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

98 Sec. 4. Fiscal impact statement.

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

102 Sec. 5. Effective date.

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

107           (b) This act shall expire after 225 days of its having taken effect.