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Chairman Phil Mendelson

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend, on a temporary basis, section 47-813 of the District of Columbia 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:

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

40 (2) Subparagraph (C) is amended by striking the phrase "designated as" and
41 inserting the phrase "designated solely as" in its place.

42 (b) The lead-in language of subsection (d-2) is amended by striking the phrase "Class 3
43 Property or Class 4 Property," and inserting the phrase "Class 2 Property, Class 3 Property, or
44 Class 4 Property," in its place.

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

46 “(d-3)(1) If real property changes classification to Class 1A Property as defined in
47 subsection (c-9)(2)(A)(ii) of this section during the period:

48 “(A) October 1 through March 31 of the tax year, the newly reclassified
49 Class 1A Property, or the portion thereof used exclusively for residential purposes if already
50 improved or assessed under § 47-829, shall be taxed at the Class 1A Property tax rate for the
51 entire tax year; or

56 “(2) The owner shall apply for a change of classification to Class 1A Property as
57 defined in subsection (c-9)(2)(A)(ii) of this section and shall promptly provide complete
58 documentation in a manner prescribed by the Chief Financial Officer to substantiate any such
59 classification change before it shall be effective.

60 “(3) A change in classification to Class 1A Property as defined in subsection (c-
61 9)(2)(A)(ii) of this section shall be effective beginning in the half tax year for which application
62 is made under paragraph (2) of this subsection.

63 “(4) If change in classification to Class 1A Property as defined in subsection (c-
64 9)(2)(A)(ii) of this section is determined to be erroneous because the real property was not put to
65 predominantly residential use by the earlier of either the issuance of any new or amended
66 certificate of occupancy (temporary or permanent) for any part of the improvement thereon, or 3
67 years from issuance of the building permit, or the building permit expired and was not renewed
68 within one year, the Chief Financial Officer shall reclassify and tax the real property without
69 limitation for each tax year or half tax year in which the real property was improperly classified
70 as Class 1A Property, subject only to subsection (d-1)(5)(A-i) of this section, if the property is
71 determined to be Class 3 Property or Class 4 Property, or subsection (d-2) of this section. In the
72 event of such reclassification, penalty and interest shall be added beginning from the day the
73 correct amount of tax should have been due but not paid if the property had been properly
74 classified.

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

79 “(6) Notwithstanding the time limitations in paragraphs (4) and (5) of this
80 subsection, the Chief Financial Officer, in his or her discretion, may grant an extension of time to
81 comply or waive penalty and interest assessed pursuant to paragraph (4) of this subsection to
82 prevent an undue hardship to the owner.

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

88 Sec. 3. Fiscal impact statement.

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

92 Sec. 4. Effective date.

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

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

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