

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33

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 or a portion of real property for which a
37 building permit has been issued:

38 “(I) To construct a new improvement for predominantly
39 nontransient residential dwelling purpose; or

40 “(II) To substantially rehabilitate that portion or all of an
41 existing improvement for exclusively nontransient residential dwelling purposes.”.

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

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

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

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

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

54 “(B) April 1 through September 30 of the tax year, the newly reclassified
55 Class 1A Property, or the portion thereof used exclusively for residential purposes if already

56 improved or assessed under § 47-829, shall be taxed at the Class 1A Property tax rate for the
57 second installment only.

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

62 “(3) A change in classification to Class 1A Property as defined in subsection (c-
63 9)(2)(A)(ii) of this section shall be effective beginning in the half tax year for which application
64 is made under paragraph (2) of this subsection.

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

77 “(5) Within 45 days from the date of the notice of denial of Class 1A Property
78 reclassification under this paragraph of this subsection, the owner may petition for an

79 administrative review of the rescission or denial and appeal from a final determination thereof to
80 the same extent as if the appeal were filed under § 47-825.01a(d)(2).

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

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

90 Sec. 3. Applicability.

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

92 Sec. 4. Fiscal impact statement.

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

96 Sec. 5. Effective date.

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

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