

ENROLLED ORIGINAL

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

*Codification
District of
Columbia
Official Code*

2001 Edition

2002 Supp.

**West Group
Publisher**

To amend the Abatement and Condemnation of Nuisance Properties Omnibus Amendment Act of 2000 to authorize the acquisition and development or redevelopment of abandoned or deteriorated property and to authorize the sale, transfer, or other disposition of abandoned or deteriorated property so acquired, to provide authority to the Mayor to demolish or enclose deteriorated structures, and to provide a tax lien for any costs incurred by the District government; to protect the availability of publicly-assisted affordable rental housing, including section 8 housing, for low-income, very low-income, and extremely low-income households; to amend Title 47 of the District of Columbia Official Code to provide incentives for the qualified rehabilitation of affordable housing; to amend Title 47 of the District of Columbia Official Code to provide an income tax credit to an owner-occupant of a historic home for qualified rehabilitation expenditures; to amend Title 47 of the District of Columbia Official Code to provide low-income, long-term homeowners an income tax credit equal to the amount of real property taxes paid exceeding 5% of the prior year's credit; to amend the Housing Production Trust Fund Act of 1988 to dedicate revenue sources to the Fund, to provide grants, and to allow funds to be used for reasonable costs of administration; to amend title 47 of the District of Columbia Official Code to provide tax incentives to encourage the production of affordable, mixed-income housing and housing downtown; to amend Title 47 of the District of Columbia Official Code to provide tax abatements and tax credits to homeowners in enterprise zones who substantially rehabilitate their residences; to amend the Homestead Housing Preservation Act of 1986 to expand the scope of the program to include production of decent and affordable rental properties; to amend Title 47 of the District of Columbia Official Code to provide matching funds for employer home ownership assistance programs; and to establish a homeownership counseling program.

TITLE I. ACQUISITION AND DISPOSAL OF ABANDONED AND DETERIORATED PROPERTIES; DUE PROCESS DEMOLITION.

TITLE II. PRESERVATION AND REHABILITATION OF GOVERNMENT-SUPPORTED HOUSING ACCOMMODATIONS; TENANT ASSISTANCE.

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TITLE III. TARGETED HISTORIC HOUSING TAX CREDIT.
TITLE IV. LOW-INCOME, LONG-TERM HOMEOWNERS PROTECTION.
TITLE V. MODIFICATION OF THE HOUSING PRODUCTION TRUST FUND.
TITLE VI. TAX ABATEMENT FOR NEW RESIDENTIAL DEVELOPMENT.
TITLE VII. TAX ABATEMENT FOR ELIGIBLE HOMEOWNERS IN ENTERPRISE ZONES.
TITLE VIII. MODIFICATIONS TO THE HOMESTEAD PROGRAM.
TITLE IX. DISTRICT MATCHING FUNDS FOR EMPLOYER-ASSISTED HOME PURCHASE PROGRAMS.
TITLE X. HOMEOWNERSHIP COUNSELING PROGRAM.
TITLE XI. RULES; FISCAL IMPACT STATEMENT; EFFECTIVE DATE.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Housing Act of 2002".

TITLE I. ACQUISITION AND DISPOSAL OF ABANDONED AND DETERIORATED PROPERTIES; DUE PROCESS DEMOLITION.

Sec. 101. Short title.

This title may be cited as the "Due Process Demolition Act of 2002".

Sec. 102. The Abatement and Condemnation of Nuisance Properties Omnibus Amendment Act of 2000, effective April 27, 2001 (D.C. Law 13-281; 48 DCR 1888), is amended by adding a new Title IV-A to read as follows:

"TITLE IV-A. QUICK ACQUISITION OF ABANDONED AND NUISANCE PROPERTY.

New Chapter
31 C
Title 42

"SUBTITLE A. ACQUISITION AND DISPOSAL OF ABANDONED AND DETERIORATED PROPERTIES.

"Sec. 431. Definitions.

"For the purposes of this subtitle, the term:

"(1) "Abandoned property" means:

"(A) A structure:

"(i) That is unoccupied by an owner or a tenant; and

"(ii) On which the real property tax imposed by § 47-811 has not been paid in 18 months;

"(B) A vacant lot on which the real property tax imposed by § 47-811 has not been paid in 18 months;

"(C) A structure:

New
§ 42-3171.01

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“(i) That is unoccupied by an owner or tenant;
“(ii) That the Mayor has determined is structurally unsafe; and
“(iii) Regarding which the Mayor has issued to the owner a notice requiring that the owner cause the structure to conform with any provision of the fire code, building code, or housing code, or to demolish the structure for safety reasons, and the owner has failed to act in response to the Mayor’s notice within the period of time established by statute, regulation, or the notice; or

“(D) A vacant lot on which a building has been demolished.

“(2) “Deteriorated property” means real property:

“(A) The Mayor has determined constitutes a threat to the public health, safety, or welfare;

“(B) The Mayor has determined contributes to the blight or dilapidation of the area immediately surrounding the property; and

“(C) As to which, if the real property contains a structure, the Mayor has issued to the owner a notice requiring the owner to conform the structure to any provision of the fire code, building code, or housing code, or to demolish the structure for safety reasons, and the owner has failed to act in response to the Mayor’s notice within the period of time established by statute, regulation, or the notice;

“(3) “Owner” means a person who holds legal title to an interest in real property as reflected in the records of the Recorder of Deeds.

“(4) “Slum and blight” means properties in a blighted area, as that term is defined in section 2(6) of the National Capital Revitalization Act of 1998, effective September 11, 1998 (D.C. Law 12-144; D.C. Official Code § 2-1219.01(6)).

“(5) “Tenant” shall have the meaning set forth in section 103(36) of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3501.03(36)).

“Sec. 432. Acquisition and redevelopment of abandoned or deteriorated property.

New
§ 42-3171.02

“(a) The Mayor may acquire abandoned property or deteriorated property for the public purpose of eliminating slum and blight:

“(1) Pursuant to D.C. Official Code §§ 16-1311 through 16-1321;

“(2) Through gift or donation;

“(3) By assignment; or

“(4) Through voluntary sale by the owner.

“(b) The Mayor may develop or redevelop abandoned or deteriorated property acquired under this section, may demolish structures on the property, and may take any other lawful action to eliminate blight or unsafe conditions on the property.

“(c) The Mayor shall not acquire deteriorated property which is occupied and from which tenants shall, or will likely, be displaced unless the Mayor has first made available for public review and comment, for a period of at least 30 days, a plan for the relocation of the

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displaced tenants.

“(d) Before the acquisition of a property under this subtitle, the Mayor shall issue a memorandum describing the Mayor’s plan for the development or disposition of the property, describing any potential displacement of tenants and plans for the relocation of displaced tenants, and setting forth a timetable for the development or disposition of the property.

“Sec. 433. Disposal of abandoned or deteriorated property.

“(a) The Mayor may dispose of abandoned or deteriorated property acquired under section 432, including property the Mayor has altered or improved, through a competitive process or through a negotiated sale; provided, that:

New
§ 42-3171.03

“(1) Before disposition of the property, there shall be a public hearing on the proposed terms and conditions of the disposition after at least 30 days public notice; and

“(2) The Mayor shall transmit to the Council for a 60-day period of review, excluding Saturdays, Sundays, legal holidays, and days of Council recess, a proposed resolution providing for the disposition of the property. The proposed resolution shall contain a description of the property to be disposed of and the proposed method and terms and conditions of the disposition. If the Council does not approve or disapprove the proposed resolution within the 60-day period, the proposed resolution shall be deemed approved.

“(b)(1) The Mayor may dispose of property acquired under section 432 through a request for offers from adjacent property owners. Before accepting an offer under this subsection, the Mayor shall notify adjacent property owners:

“(A) That they may make an offer to the Mayor to purchase the property within a time period established by the Mayor;

“(B) Of the minimum acceptable purchase price and any mandatory terms or conditions of an acceptable offer; and

“(C) That the offer shall be in writing and contain such information as the Mayor may by regulation prescribe.

“(2) If only one adjoining property owner offers to purchase the property at or above the minimum acceptable purchase price and the offer meets all mandatory terms and conditions of an acceptable offer, the Mayor shall accept the offer.

“(3) If more than one adjoining property owner offers to purchase the real property at or above the minimum acceptable purchase price and the offers meet all mandatory terms and conditions of an acceptable offer, the Mayor shall accept the offer with the highest purchase price.

“(d) In transferring a property, the Mayor may forgive up to 50% of the amount of any outstanding taxes owed on the property, and may forgive in full any penalties or interest accrued on the taxes owed, if the property is transferred to a low-income household or to a nonprofit housing entity providing housing opportunities to low-income households; provided, that:

“(1) The transferee, if a low-income household, shall maintain the property as his or her principal place of residence for at least 5 years;

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"(2) The transferee, if a nonprofit housing entity, shall:

"(A) If the property is developed for homeownership opportunities, require that each homeowner maintain the property as his or her principal place of residence for at least 5 years;

"(B) If the property is developed for rental opportunities, maintain the rental units as units affordable to, and occupied by, low-income, very low-income, or extremely low-income households for not less than 20 years; and

"(3) The transferee shall complete rehabilitation of the property within 18 months after the property is transferred.

"Sec. 434. Assistance to displaced persons.

"If an occupant or tenant is displaced by the acquisition, development, redevelopment, or disposition of an abandoned or deteriorated property under this subtitle, the Mayor shall offer to the owner or tenant assistance under section 1 of An Act To authorize the Commissioners of the District of Columbia to pay relocation costs made necessary by actions of the District of Columbia government, and for other purposes, approved October 6, 1964 (78 Stat. 1004; D.C. Official Code § 6-331.01); section 209 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, approved January 2, 1971 (84 Stat. 1899; D.C. Official Code § 6-333.01); or section 516 of the Condominium Act of 1976, effective March 29, 1977 (D.C. Law 1-89; D.C. Official Code § 6-333.02)."

New
§ 42-3171.04

"SUBTITLE B. DUE PROCESS DEMOLITION.

"Sec. 441. Definitions.

"For the purposes of this subtitle, the term:

"(1) "Department" means the Department of Housing and Community Development.

New
§ 42-3173.01

"(2) "Deteriorated structure" means a structure that:

"(A) Is unoccupied;

"(B) The Mayor has determined:

"(i) Constitutes a threat to the public health, safety, or welfare; or

"(ii) Contributes to the deterioration or dilapidation of the community in which the structure is located; and

"(C) Violates one or more provisions of the District of Columbia Construction Codes, as defined in subsection 101.2 of Title 12A of the District of Columbia Municipal Regulations (12A DCMR § 101.2), or the District of Columbia Housing Code, set forth in Title 14 of the District of Columbia Municipal Regulations (14 DCMR § 100 *et seq.*).

"(3) "Enclose" means to use barricades, boards, fences, or other means to preclude access, including access by environmental elements, to a structure or site.

"(4) "Interested party" means, with respect to a deteriorated structure:

"(A) An owner, as recorded in the real estate tax assessment records of the District of Columbia;

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"(B) A titleholder, as reflected in the records of the Recorder of Deeds;
or

"(C) A lienholder, as reflected in the records of the Recorder of Deeds.

"(5) "Site" means the deteriorated structure and the lot or lots on which the structure is located.

"(6) "Sufficient action" means the action specified by the Mayor pursuant to section 445(a)(7).

"(7) "Unoccupied" means not occupied by an owner or a tenant, as defined in section 103(36) of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3501.03(36)).

"Sec. 442. Authority of the Mayor to demolish or enclose deteriorated structures.

"(a) The Mayor may determine whether any structure in the District of Columbia is a deteriorated structure.

New
§ 42-3173.02

"(b) The Mayor may demolish or enclose a deteriorated structure if:

"(1) The Mayor takes the actions required by sections 443 and 444;

"(2) A notice of initial determination is prepared and posted under section 445;

"(3) An interested party does not take sufficient action by the latest of:

"(A) Thirty days after the notice of initial determination is mailed;

"(B) Thirty days after the notice of initial determination is published; or

"(C) A date specified by the Mayor which is not earlier than the date specified in subparagraph (A) or (B) of this paragraph;

"(4) A notice of final determination is prepared and posted under section 447;
and

"(5)(A) A petition for review challenging the final determination has not been filed under section 449 within the time period specified by section 449; or

"(B) A petition for review challenging the final determination has been filed under section 449 within the time period specified by section 449, and the Superior Court of the District of Columbia, the District of Columbia Court of Appeals, or other court of competent jurisdiction has issued an order authorizing the Mayor to act, enters final judgment against the petitioner, or dismisses the petition.

"Sec. 443. Redevelopment feasibility analysis.

"(a) Prior to posting, mailing, publishing, or filing a notice of initial determination of a deteriorated structure under section 445(b), the Mayor shall request from the Department an analysis of the cost of rehabilitating the structure and the feasibility and likelihood that the site will be redeveloped without demolition of the structure. Upon requesting the analysis, the Mayor shall cause notice of the request to be published in the District of Columbia Register. The Mayor shall consider the analysis provided by the Department in determining whether to issue a notice of initial determination under section 445.

New
§ 42-3173.03

"(b) If the Department does not provide an analysis to the Mayor within 60 days after

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the Mayor requests an analysis under subsection (a) of this section, the Mayor may post, mail, publish, or file the notice of initial determination under section 445(b).

"Sec. 444. Designation of potential historic structure.

(a) Prior to posting, mailing, publishing, or filing a notice of initial determination under section 445(b), the Mayor shall file with the Historic Preservation Review Board a notice which shall include the following information:

New
§ 42-3173.04

"(1) The address of the deteriorated structure or, if the address is not available or does not adequately describe the location of the structure, a description of the location of the structure that is sufficient for its identification;

"(2) A photograph of the structure clearly documenting the appearance of the structure and its immediate surroundings; and

"(3) A statement that the Mayor intends to make a determination that the structure is a deteriorated structure.

"(b) Within 60 days after receiving the notice from the Mayor, the Historic Preservation Review Board shall make a preliminary determination whether or not there is a substantial possibility that the structure is eligible for designation as a historic landmark or a contributing building in a historic district.

"(c) The Mayor shall not issue a notice of initial determination under section 445 and shall not demolish a structure under this subtitle unless:

"(1) The structure is not a historic landmark, a contributing building in a historic district, or a structure for which the Historic Preservation Review Board has made a preliminary determination that there is a substantial possibility that the structure is eligible for designation as a historic landmark or a contributing building in a historic district;

"(2) The structure is a historic landmark or a contributing building in a historic district, or the Historic Preservation Review Board makes a preliminary determination that there is a substantial possibility that the structure is eligible for designation as a historic landmark or a contributing building in a historic district, and:

"(A) The Mayor determines, pursuant to the procedures and standards of the Historic Landmark and Historic District Protection Act of 1978, effective March 3, 1979 (D.C. Law 2-144; D.C. Official Code § 6-1101 *et seq.*), that demolition of the structure is necessary in the public interest, as provided in section 5(e) of Historic Landmark and Historic District Protection Act of 1978, effective March 3, 1979 (D.C. Law 2-144; D.C. Official Code § 6-1104(e)); or

"(B) The Mayor intends to enclose, but not demolish, the structure; or

"(3) The Historic Preservation Review Board does not make a determination under subsection (b) of this section within 60 days after receiving the notice filed by the Mayor under subsection (a) of this section, and the structure is not a historic landmark or a contributing structure in a historic district.

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"Sec. 445. Initial determination of deteriorated structure.

"(a) If the Mayor determines that a structure is a deteriorated structure, the Mayor shall prepare a notice of initial determination which shall include the following information:

"(1) The address of the deteriorated structure or, if the address is not available or does not adequately identify the location of the structure, a description of the location of the structure that is sufficient for its identification;

New
§ 42-3173.05

"(2) A statement that the Mayor has determined that the structure is a deteriorated structure and the basis for the Mayor's determination;

"(3) A description of the analysis of the Department under section 443 and a statement regarding the Mayor's consideration of the analysis or, if no analysis was provided, a summary of the Mayor's reason for issuing the notice of initial determination absent the analysis;

"(4)(A) A statement that the structure is not a historic landmark, a contributing building in a historic district, or a structure for which the Historic Preservation Review Board has made a preliminary determination that there is a substantial possibility that the structure is eligible for designation as a historic landmark or a contributing building in a historic district; or

"(B) A statement that the structure is a historic landmark or a contributing building in a historic district or the Historic Preservation Review Board has made a preliminary determination under section 444 that there is a substantial possibility that the structure is eligible for designation as a historic landmark or a contributing building in a historic district, and a statement that:

"(i) The Mayor has determined, pursuant to the procedures and standards of the Historic Landmark and Historic District Protection Act of 1978, effective March 3, 1979 (D.C. Law 2-144; D.C. Official Code § 6-1101 *et seq.*), that demolition of the structure is necessary in the public interest, as provided in section 5(e) of the Historic Landmark and Historic District Protection Act of 1978, effective March 3, 1979 (D.C. Law 2-144; D.C. Official Code § 6-1104(e)); or

"(ii) The Mayor intends to enclose, but not demolish, the structure;

"(5) A statement that the Mayor intends to demolish or enclose the deteriorated structure if an interested party does not take sufficient action within 30 days after the mailing or publication of the notice, whichever is later;

"(6) If the Mayor intends to demolish the structure, a statement describing why the Mayor intends to demolish, rather than enclose, the structure;

"(7) A statement that the Mayor shall not demolish or enclose the structure if sufficient action is taken within 30 days after the mailing or publication of the notice, whichever is later;

"(8) A description of the action which, if taken, shall be considered sufficient action; and

"(9) A summary statement of the final determination procedure and judicial

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review provided by this title.

"(b) After the notice is prepared under subsection (a) of this section, the Mayor shall:

"(1) Post the notice on the deteriorated structure;

"(2) Mail the notice to all interested parties by certified mail, return receipt requested;

"(3) Publish the notice once in a newspaper of general circulation in the District of Columbia;

"(4) Publish the notice in the District of Columbia Register.

"(5) Transmit the notice to the advisory neighborhood commission in which the structure is located; and

"(6) File the notice with the Recorder of Deeds.

"Sec. 446. Action by interested parties.

"Interested parties shall have 30 days after the mailing or publication of the notice under section 445, whichever is later, to take sufficient action.

"Sec. 447. Final determination of deteriorated structure.

"(a)(1) If sufficient action has not been taken within the 30-day period of section 446, the Mayor shall prepare a notice of final determination.

New
§ 42-3173.06

(2) Notwithstanding paragraph (1) of this subsection, the Mayor may revoke the notice of initial determination or hold in abeyance further action under this subtitle if, prior to the end of the 30-day period, an interested party:

New
§ 42-3173.07

"(A)(i) Submits to the Mayor a written plan for the prompt completion of the sufficient action; and

"(ii) The Mayor approves the plan with or without conditions; or

"(B) Submits to the Mayor written reasons why the Mayor should not take the action specified in section 445(a)(4); provided, that, in such case, the Mayor may also amend the notice of initial determination.

"(3) The Mayor may extend the 30-day period for 30 days or less upon the written request of an interested party and for good cause shown.

"(b) The notice of final determination shall be prepared within 30 days after the end of the 30-day period or within 30 days after the end of any extension of the 30-day period.

"(c) The notice of final determination required by subsection (a) and (b) of this section shall include:

"(1) The address of the deteriorated structure or, if the address is not available or does not adequately identify the location of the structure, a description of the location of the deteriorated structure that is sufficient for its identification;

"(2) A statement that the Mayor has determined that the structure is a deteriorated structure and the basis for the Mayor's determination that the structure is a deteriorated structure;

"(3) The date or dates on which the notice of initial determination under section

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444 was posted, mailed, published, and filed;

"(4) A statement that sufficient action was not taken within the specified time period;

"(5) A statement that the Mayor intends to demolish or enclose the deteriorated structure; and

"(6) A statement that interested parties have 30 days from the date of the mailing of the notice of final determination to file a petition for review in the Superior Court of the District of Columbia seeking judicial review of the Mayor's final determination and that the filing of the petition shall stay final action by the Mayor to demolish or enclose the deteriorated structure until a judicial order is entered.

"(d) After the notice of final determination is prepared, the Mayor shall:

"(1) Post the notice on the deteriorated structure;

"(2) Mail the notice to all interested parties by certified mail, return receipt requested; and

"(3) File the notice with the Recorder of Deeds.

"Sec. 448. Duty of Mayor to demolish or enclose deteriorated structure

(a) If a petition for review is not filed under section 449 within the time period specified in section 449, the Mayor shall demolish or enclose the deteriorated structure within 120 days after the notice of final determination has been mailed or filed, whichever is earlier.

"(b) If a petition for review is filed under section 449 within the time period specified in section 449, the Mayor shall demolish or enclose the deteriorated structure within 120 days after the court issues an order authorizing the Mayor to act, enters final judgment against the petitioner, or dismisses the petition.

New
§ 42-3173.08

"Sec. 449. Judicial review of final determination.

"(a) Within 30 days after the date of the mailing of the notice of final determination under section 447, an interested party may file a petition for review in the Superior Court of the District of Columbia challenging the final determination.

"(b) If a petition has been filed under subsection (a) of this section and the Mayor has been served with the petition, the Mayor shall not demolish or enclose the deteriorated structure under the authority of this subtitle until the court issues an order authorizing the Mayor to act, enters final judgment against the petitioner, or dismisses the petition.

New
§ 42-3173.09

"Sec. 450. Recovery of costs by the District of Columbia.

"(a) Within 120 days after a deteriorated structure is enclosed or demolished under this subtitle, the Mayor shall determine the total costs incurred by the District to bring about the demolition or enclosure. The total costs shall:

"(1) Include all reasonable costs, including administrative costs;

"(2) Include the cost of repairing damage to adjoining premises; and

"(3) Be reduced by the amount, if any, received from the sale of old material.

New
§ 42-3173.10

"(b)(1) The Mayor shall assess the total costs determined under subsection (a) of this

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section as a tax on the lot on which the deteriorated structure stands or stood.

"(2) A tax assessed under this section may be paid without interest within 60 days after the date the tax is assessed. Interest of 18% per annum shall be charged on the unpaid portion of the tax, if any, and interest on the unpaid portion of the tax shall accrue from the date the tax was assessed.

"(3) If a portion of the tax assessed under this section remains unpaid one year after the date the tax was assessed, the property against which the tax was assessed may be sold for the tax or unpaid portion of the tax, with interest and penalties thereon, at the next tax sale in the same manner and under the same conditions as property sold for delinquent general taxes.

"(4) In selling a property tax lien under paragraph (3) of this subsection, the Mayor may forgive up to 50% of the amount of any outstanding taxes owed on the property, and may forgive in full any penalties or interest accrued on the taxes owed, if the property is transferred to a low-income household, as defined in section 202(10) of the Housing Act of 2002, passed on 2nd reading January 8, 2002 (Enrolled version of Bill 14-183), or a nonprofit housing entity providing housing opportunities to low-income households; provided, that:

"(A) The transferee, if a low-income household, shall maintain the property as his or her principal place of residence for at least 5 years;

"(B) The transferee, if a nonprofit housing entity, shall:

"(i) If the property is developed for homeownership opportunities, require that the homeowner maintain the property as his or her principal place of residence for at least 5 years;

"(ii) If the property is developed for rental opportunities, maintain the rental units as units affordable to, and occupied by, low-income, very low-income, or extremely low-income households for not less than 20 years; and

"(C) The transferee shall complete rehabilitation of the property within 18 months after the property is transferred.

"Sec. 451. Use of funds; deposit of funds.

"(a) Amounts collected by the District of Columbia under this subtitle shall be deposited into the fund established by section 1(b)(1) of An Act to provide for the abatement of nuisances in the District of Columbia and by the Commissioners of said District, and for other purposes, approved April 14, 1906 (34 Stat. 114; D.C. Official Code § 6-711.01(b)(1)).

"(b) Amounts in the fund established by section 1(b)(1) of An Act to provide for the abatement of nuisances in the District of Columbia and by the Commissioners of said District, and for other purposes, approved April 14, 1906 (34 Stat. 114; D.C. Official Code § 6-711.01(b)(1)), may be used to pay the costs incurred by the District to demolish or enclose a structure under this subtitle.

"Sec. 452. Nature of remedies.

"The remedies set forth in this subtitle shall be cumulative and not exclusive.

"SUBTITLE C. CONFORMING AMENDMENTS.

New
§ 42-3173.11

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"Sec. 460. Conforming amendments.

"(a) An Act To authorize the Commissioners of the District of Columbia to remove dangerous or unsafe buildings and parts thereof, and for other purposes, approved March 1, 1899 (30 Stat. 923, D.C. Official Code § 6-801 *et seq.*), is amended as follows:

"(1) Section 2(a) (D.C. Official Code § 6-802(a)) is amended by striking the phrase "said unsafe structure or excavation," and inserting the phrase "an unsafe structure, except for a deteriorated structure under Subtitle B of Title IV-A of the Abatement and Condemnation of Nuisance Properties Amendment Act of 2001, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183), or excavation," in its place.

New
§ 42-3173.12

"(2) Section 3 (D.C. Official Code § 6-803) is amended by striking the phrase "structure or excavation" wherever it appears and inserting the phrase "structure, except for a deteriorated structure under Subtitle B of Title IV-A of the Abatement and Condemnation of Nuisance Properties Amendment Act of 2000, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183), or excavation" in its place.

Amend
§ 6-802

"(b) Section 12 of the Historic Landmark and Historic District Protection Act of 1978, effective March 3, 1979 (D.C. Law 2-144; D.C. Official Code § 6-1111), is amended by adding a new subsection (c) to read as follows:

Amend
§ 6-803

"“(c) Except as provided under Subtitle B of Title IV-A of the Abatement and Condemnation of Nuisance Properties Amendment Act of 2000, passed on 2nd reading on January 8, 2000 (Enrolled version of Bill 14-183), nothing in this act shall affect the authority of the Mayor to enclose or demolish a structure under Subtitle B of Title IV-A of the Abatement and Condemnation of Nuisance Properties Amendment Act of 2000, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183).”

Amend
§ 6-1111

"(c) Section 1(b) of An Act to provide for the abatement of nuisances in the District of Columbia and by the Commissioners of said District, and for other purposes, approved April 14, 1906 (34 Stat. 114; D.C. Official Code § 6-711.01(b)), is amended as follows:

"(1) Paragraph (1) is amended by striking the phrase "subsection (a) of this section" and inserting the phrase "subsection (a) of this section and for the purposes of demolishing or enclosing a structure under Subtitle B of Title IV-A of the Abatement and Condemnation of Nuisance Properties Amendment Act of 2000, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183)" in its place.

Amend
§ 6-711.01

"(2) Paragraph (2) is amended by striking the phrase "expanded for the purposes of the fund" and inserting the phrase "expanded for the purposes of the fund and funds collected pursuant to Subtitle B of Title IV-A of the Abatement and Condemnation Nuisance Properties Amendment Act of 2000, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183)" in its place.

"(d) Section 1 of An Act Authorizing the sale of certain real estate in the District of Columbia no longer needed for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801), is amended by adding a new subsection (f-1) to read as follows:

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"(f-1) This section shall not apply to any real property which is acquired under section 432 of the Abatement and Condemnation of Nuisance Properties Omnibus Amendment Act of 2000, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183)."

Sec. 103. Title IV of the Abatement and Condemnation of Nuisance Properties Omnibus Amendment Act of 2000, effective April 27, 2001 (D.C. Law 13-281; D.C. Official Code § 42-3151.01 *et seq.*), is repealed.

**Amend
§ 10-801**

TITLE II. PRESERVATION AND REHABILITATION OF GOVERNMENT-SUPPORTED HOUSING ACCOMMODATIONS; TENANT ASSISTANCE.

SUBTITLE A.

Sec. 201. Short title.

This title may be referred to as the "Low-Income Housing Preservation and Protections Act of 2002".

**Repeal
§§ 42-3151.02
- 42-3151.13**

Sec. 202. Definitions.

For the purposes of this title, the term:

(1) "Affordable multifamily housing property" means residential real property consisting of 5 or more dwelling units in which, as the result of use restrictions or other covenants, at least 20% of the dwelling units are occupied by very low-income households.

**New Chapter
28A
Title 42**

(2)(A) "Area median income" means:

**New
§ 42-2851.01**

(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

**New
§ 42-2851.02**

(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

(iv) For a household of one person, 70% of the area median income for a household of 4 persons; and

(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

(B) Any percentage of household income referenced in this title (e.g.,

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80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs which it administers.

(3) "District" means District of Columbia.

(4) "Eligible low-income housing development" means a housing development that is an affordable multifamily housing property, a housing accommodation that receives assistance pursuant to a HAP contract, or a housing accommodation certified by the Mayor pursuant to D.C. Official Code § 47-865.

(5) "Extremely low-income household" means a household consisting of one or more persons with a household income equal to 30% or less of the area median income.

(6) "Federally-assisted housing accommodation" means a housing accommodation:

(A) That is covered in whole or in part by a contract for project-based assistance under:

(i) The new construction or substantial rehabilitation program under section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983;

(ii) The property disposition program under section 8(b) of the United States Housing Act of 1937;

(iii) The moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937;

(iv) The loan management assistance program under section 8 of the United States Housing Act of 1937;

(v) Section 23 of the United States Housing Act of 1937, as in effect before January 1, 1975;

(vi) The rent supplement program under section 101 of the Housing and Urban Development Act of 1965, approved August 10, 1965 (79 Stat. 451; 12 U.S.C. § 1701s); or

(vii) Section 8 of the United States Housing Act of 1937, following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965, approved August 10, 1965 (79 Stat. 451; 12 U.S.C. § 1701s);

(viii) Section 202 of the Housing Act of 1959, approved September 23, 1959 (75 Stat. 162; 12 U.S.C. § 1701q);

(ix) Section 811 of the National Housing Act, approved November 28, 1990 (104 Stat. 4324; 42 U.S.C. § 8013); or

(B) Financed in whole or in part by a mortgage insured or held by the Secretary under the National Housing Act, approved June 27, 1934 (48 Stat. 1246; 12 U.S.C. § 1701 *et seq.*).

(7) "HAP contract" means a project-based housing assistance payments contract

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executed between the owner of an affordable multifamily housing property and the Secretary or a public housing agency pursuant to section 8 of the United States Housing Act of 1937.

(8) "Household income" shall have the same meaning as "household gross income" in D.C. Official Code § 47-1806.06.

(9) "Housing accommodation" shall have the same meaning as in section 103(11) of the Rental Housing Conversion and Sale Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3401.03(11)).

(10) "Low-income household" means a household consisting of one or more individuals with a household income equal to, or less than, 80% of the area median income and greater than 50% of the area median.

(11) "Qualified area" means a census tract in which the average rent for one bedroom and 2-bedroom apartments exceeds the fair market rent by 25% or more.

(12) "Rental housing" or "rental unit" means that part of a housing accommodation which is rented or offered for rent for residential occupancy, including an apartment, efficiency apartment, room, suite of rooms, and single-family home or duplex, and the land appurtenant to such rental unit or rental housing.

(13) "Secretary" means the Secretary of the United States Department of Housing and Urban Development.

(14) "Tenant" shall have the same meaning as in section 103(36) of the Rental Housing Act of 1985, effective July 15, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3501.03(36)).

(15) "United States Housing Act" means the United States Housing Act of 1937, approved September 1, 1937 (50 Stat. 888; 42 U.S.C. § 1437 *et seq.*).

(16) "Very low-income household" means a household consisting of one or more individuals with a household income equal to, or less than, 50% of the area median income and greater than 30% of the area median.

Sec. 203. Notice required upon opting out; inspection of property; maintenance of contract.

(a) The owner of a federally-assisted housing accommodation who intends not to continue participation in the federal assistance program shall transmit to the Mayor, the Director of the Department of Housing and Community Development, the Director of the Department of Consumer and Regulatory Affairs, and the Executive Director of the District of Columbia Housing Authority any notice regarding the intent of the owner not to continue participation that the owner is required to provide to tenants of the housing accommodation or a federal agency under federal law or regulation.

(b)(1) One year before participation in the federal assistance program would expire absent the owner's extension or renewal of participation in the program, the owner of a federally-assisted housing accommodation shall transmit to the Mayor, the Director of the

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§ 42-2851.03

Department of Housing and Community Development, the Director of the Department of Consumer and Regulatory Affairs, and the Executive Director of the District of Columbia Housing Authority a form, promulgated by the Mayor, that shall provide notice of the pending expiration date.

(2) If the owner intends not to continue participation in the federal assistance program, through any means, including termination of a subsidy contract, termination of rental restrictions, or prepayment of a mortgage on an assisted housing development, the notice shall be sent to each assisted tenant household, the Mayor, the Director of the Department of Housing and Community Development, the Director of the Department of Consumer and Regulatory Affairs, and the Executive Director of the District of Columbia Housing Authority, and shall include the following information:

(A) A statement identifying the program under which assistance is provided and stating that the owner intends to terminate the subsidy contract or rental restrictions upon its expiration date, or the expiration date of any contract extension;

(B) In the event of prepayment, a statement identifying the program under which the mortgage is insured and stating that the owner intends to:

(i) Pay in full or refinance the federally insured or federally held mortgage indebtedness prior to its original maturity date; or

(ii) Voluntarily cancel the mortgage insurance;

(C) The anticipated date of the termination or prepayment of the federal assistance;

(D) A statement of the possibility that the housing may remain in the federal program after the proposed date of the termination of the subsidy contract or prepayment if the owner elects to do so under the terms of the federal government's offer;

(E) A statement that technical assistance may be available through the Department of Housing and Community Development and the address and phone number for that agency; and

(F) A statement containing information about available resources as the Mayor may by regulation require.

(c) An owner of a federally-assisted housing accommodation who does not continue, or intends not to continue, participation in the federal assistance program for the housing accommodation shall be deemed to have consented to reasonable inspection by the Mayor of the housing accommodation and any owner or housing accommodation report on file with United States Department of Housing and Urban Development.

(d) To the extent allowed by federal law, the owner of a federally-assisted housing accommodation that receives assistance pursuant to a HAP contract shall maintain a HAP contract in good standing during the notice period required by section 203 and during any period during which the Mayor may exercise a right to first refusal.

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Sec. 204. District's first right to purchase section 8 properties.

(a) Before an owner of a federally-assisted housing accommodation may sell the housing accommodation, the owner shall provide to the Mayor, and the Mayor shall have, an opportunity to purchase the housing accommodation in the same manner, and with the same rights, as the opportunity to purchase is provided to tenants and tenant organizations under sections 402, 403, 404, and 408 of the Rental Housing Conversion and Sale Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code §§ 42-3404.02 through 42-3404.04 and 42-3404.08). The Mayor shall have 30 days after receiving a written offer of sale from the owner to provide the owner with a written statement of interest. The owner shall afford the Mayor a reasonable period of time, but not less than 120 days after receiving the statement of interest, to negotiate a contract of sale. The Mayor and the owner shall bargain in good faith.

(b) The Mayor may assign the opportunity to purchase provided under subsection (a) of this section to a person that:

(1) Demonstrates the capacity to manage the housing and related facilities for its remaining useful life, either by itself or through a management agent; and

(2) Agrees to obligate itself and any successors in interest to maintain the affordability of the assisted housing development as required by subsection (e) of this subsection.

(c) The Mayor shall not exercise the opportunity to purchase provided by this section unless the sale of the housing accommodation by the owner would result in the discontinuance of the use of the housing accommodation as a federally-assisted housing accommodation or in the termination of any low-income residency requirements that apply to the housing accommodation.

(d) The income restrictions imposed by the federal assistance program on the dwelling units in the housing accommodation purchased by the Mayor or an assignee of the Mayor shall be maintained by the purchaser for a 30-year period from the date that the purchaser takes possession of the housing accommodation.

(e) This section shall not abrogate the rights of tenants under sections 402 through 413 of the Rental Housing Conversion and Sale Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code §§ 42-3404.02 through 42-3404.13).

Sec. 205. Relocation services by Mayor.

(a) If the owner of a federally-assisted housing accommodation discontinues participation in the federal assistance program, the Mayor shall provide relocation services to the tenants of the housing accommodation. The relocation services shall include ascertaining the relocation needs of each household, providing current information on the availability of comparable housing of suitable size, and supplying information concerning federal and District housing programs.

(b) The Mayor may provide relocation assistance payments of up to \$500 per tenant,

New
§ 42-2851.04

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based on need and pursuant to regulations promulgated by the Mayor.

(c) A relocation assistance payment provided under this section shall not be considered income of the recipient under D.C. Official Code § 47-1803.02(a)(2).

Sec. 206. Section 8 assistance considered income for non-discrimination and minimum income purposes; requirement to accept section 8 vouchers.

(a) The monetary assistance provided to an owner of a housing accommodation under section 8 of the United States Housing Act of 1937, either directly or through a tenant, shall be considered the income of the tenant for the purposes of any minimum income qualification for a dwelling unit in the housing accommodation.

New
§ 42-2851.05

(b) The monetary assistance provided to an owner of a housing accommodation under section 8 of the United States Housing Act of 1937, either directly or through a tenant, shall be considered income and a source of income under section 231 of the District of Columbia Human Rights Act, effective December 13, 1977 (D.C. Law 2-48, D.C. Official Code § 2-1402.31).

(c) The owner of a housing accommodation shall not refuse to rent a dwelling unit to a person because the person will provide his or her rental payment, in whole or in part, through a section 8 voucher.

Sec. 207. Penalties for noncompliance.

(a) An owner who fails to comply with a requirement of this title shall pay a civil fine of no greater than 5 times the costs and damages caused by the noncompliance.

New
§ 42-2851.06

(b) All fines collected pursuant to this section shall be paid into the Housing Production Trust Fund established by 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.*).

(c) The Mayor may commence enforcement proceedings for any fine not paid within the time period set forth in regulations.

Sec. 208. Determination of qualified areas.

Within 30 days after the effective date of this title, the Mayor shall issue a notice of proposed rulemaking setting forth those census tracts which are preliminarily determined to be qualified areas. The Mayor shall issue a notice of final rulemaking setting forth those census tracts which are determined to be qualified areas within 75 days after the effective date of the act. The Mayor shall make a map of the qualified areas, a list of the census tracts determined to be qualified areas, and the boundaries of those tracts available on the Internet. The Mayor shall review and, if necessary, update the map, list, and boundaries at least once every 2 years.

New
§ 42-2851.07

SUBTITLE B.

Sec. 291. Title 47 of the District of Columbia Official Code is amended as follows:

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(a) The table of contents for Chapter 8 is amended by adding the section designations “47-864. Tax abatement for preservation of section 8 housing. 47-865. Tax abatements for improvements to section 8 and other affordable housing”.

New
§ 42-2851.08

(b) New sections 47-864 and 47-865 are added to read as follows:

“§ 47-864. Tax abatement for preservation of section 8 housing in qualified areas.

“(a) For the purposes of this section and § 47-865, the term:

“(1) “Affordable multifamily housing property” means residential real property consisting of 5 or more dwelling units in which, as the result of use restrictions or other covenants, at least 20% of the dwelling units are occupied by very low-income households.

“(2)(A) “Area median income” means:

“(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

“(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

“(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

“(iv) For a household of one person, 70% of the area median income for a household of 4 persons;

“(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons.

New
§ 47-864

“(B) Any percentage of household income referenced in this section or § 47-865 (e.g., 80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers.

“(3) “HAP contract” means a project-based housing assistance payments contract executed between the owner of an affordable multifamily housing property and the Secretary or a public housing agency pursuant to the United States Housing Act of 1937.

“(4) “Household income” shall have the same meaning as “household gross income” in § 47-1806.06(b)(2).

“(5) “Housing accommodation” shall have the same meaning as in section 103(11) of the Rental Housing Conversion and Sale Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3401.03(11)).

“(6) “Low-income household” means a household consisting of one or more individuals with a household income equal to, or less than, 80% of the area median income and greater than 50% of the area median.

“(7) “Qualified area” means a census tract in which the average rent for one bedroom and 2-bedroom apartments exceeds the fair market rent by 25% or more.

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"(8) "Secretary" means the Secretary of the United States Department of Housing and Urban Development.

"(9) "Tenant" shall have the same meaning as in section 103(36) of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3501.03(36)).

"(10) "United States Housing Act of 1937" means the United States Housing Act of 1937, approved September 1, 1937 (50 Stat. 888; 42 U.S.C. § 1437 *et seq.*).

"(b) Subject to subsection (c) of this section, if the owner of a housing accommodation that receives assistance pursuant to a HAP contract that is scheduled to expire after December 31, 2001, renews or extends the contract, or transfers the property to an owner who enters into a new contract with substantially the same use restrictions, the real property tax imposed on the property under § 47-811, or the payment in lieu of taxes imposed by § 47-1002(20), shall be reduced as follows:

"(1) If the contract is renewed for 5 years, the owner shall receive a tax abatement equal to 75% of the tax imposed by § 47-811, or the payment in lieu of taxes imposed by § 47-1002(20), for the taxable year in which the renewed contract begins and for each of the 4 taxable years thereafter.

"(2) If the contract is renewed for 10 years, the owner shall receive a tax abatement equal to 100% of the tax imposed by § 47-811, or the payment in lieu of taxes imposed by § 47-1002(20), for the taxable year in which the renewed contract begins and for each of the 9 taxable years thereafter.

"(c) The tax abatement provided in subsection (a) of this section shall be allowed only if:

"(1) The housing accommodation is located in a qualified area;

"(2) The housing accommodation would not be subject to a reduction in federal subsidy as a result of receiving the tax abatement.

"(d)(1) On or before the first day of the tax year for which a tax abatement is first granted, the Mayor shall certify to the Office of Tax and Revenue a list of the qualified properties which specifies the exact parcel subject to abatement, an estimate of the tax abatement, and a statement that the property owner qualifies for the abatement.

"(2) The tax abatement shall be computed by the Office of Tax and Revenue by comparing the assessment of the qualified property for the first year that the property is qualified or the assessment in any succeeding year and comparing it to the assessment in the base year which is the assessment on the tax roll for the year preceding the first year for which the tax abatement is first received less any new construction first assessed in the base year. The tax abatement percentage shall be applied to the difference between base year assessment and the current year's assessment for each tax year. The Mayor shall certify to the Office of Tax and Revenue that each property owner and each property qualifies for the program annually regarding income level and mix of tenants.

"(e) This section shall apply for tax years beginning on or after October 1, 2002.

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“§ 47-865. Tax abatement for improvements to section 8 and other affordable housing.

“(a)(1) Subject to subsection (b) and (d) of this section, if improvements of at least \$10,000 are made within a 24-month period to each of the dwelling units in an eligible low-income housing development, the real property tax imposed on the property by § 47-811 shall be reduced by 100% for 5 years beginning in the year in which qualified improvements to all of the dwelling units have been completed and all of the dwelling units are ready for occupancy.

“(2) A property which receives a tax abatement under this section shall be maintained as an eligible low-income housing development throughout the 5-year tax abatement period.

“(b) The tax abatement provided in subsection (a) of this section shall be allowed only if:

“(1) An application requesting certification of the housing accommodation and planned improvements as eligible for the tax abatement is submitted to the Mayor at least 30 days before physical improvements to the property are begun;

“(2) The Mayor approves the application submitted under paragraph (1) of this subsection;

“(3) The Mayor certifies completion of the improvements;

“(4) The property is maintained as an eligible low-income housing development during each tax year for which the reduction would be allowed;

“(5) The improvements are made after December 31, 2001; and

“(6) The housing accommodation does not receive assistance pursuant to a HAP contract or other assistance program which allows for the recovery of the costs of rehabilitation, to the extent such recovery is allowed.

“(c) The Mayor may certify a housing accommodation as eligible to receive the tax abatement allowed by this section if at least 25% of the units are affordable to a household consisting of one or more individuals with a household income equal to, or less than, 50% of the area median income, and the Mayor determines, in writing and pursuant to rules promulgated by the Mayor, that the improvements are not likely to be made unless the tax abatement is received.

“(d) The Mayor may approve tax abatements under this section to the extent that the cumulative amount of the abatements for any fiscal year shall not exceed \$1 million.

“(e)(1) On or before the first day of the tax year for which a tax abatement is first granted, the Mayor shall certify to the Office of Tax and Revenue a list of the qualified properties which specifies the exact parcel subject to abatement, an estimate of the tax abatement, and a statement that the property owner qualifies for the abatement.

“(2) The tax abatement shall be computed by the Office of Tax and Revenue by comparing the assessment of the qualified property for the first year that the property is qualified or the assessment in any succeeding year and comparing it to the assessment in the base year which is the assessment on the tax roll for the year preceding the first year for which the tax abatement is first received less any new construction first assessed in the base year. The tax abatement percentage shall be applied to the difference between base year assessment and the

New
§ 47-865

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current year's assessment for each tax year. The Mayor shall certify to the Office of Tax and Revenue that each property owner and each property qualifies for the program annually regarding income level and mix of tenants.

"(f) This section shall apply for tax years beginning on or after October 1, 2002."

Sec. 292. Conforming amendments.

(a) Section 47-1803.02(a) of the District of Columbia Official Code is amended as follows:

(1) Paragraph (2) is amended by adding a new subparagraph (R) to read as follows:

"(R) A relocation payment received under section 205 or 206 of the Housing Act of 2001."

(2) A new paragraph (3) is added to read as follows:

"(3) The monetary assistance provided to an owner of a housing accommodation under section 8 of the United States Housing Act of 1937, approved August 22, 1974 (88 Stat. 662; 42 U.S.C. § 1437f), either directly or through a tenant, shall be income."

(b) Section 505(4) of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Official Code § 4-205.05(4)), is amended by striking the phrase "payments made by a government agency to a third party for child care, housing, or medical assistance;" and inserting the phrase "payments made by a government agency to a third party for child care, housing, or medical assistance; a relocation payment under section 205 of the Housing Act of 2001, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183);" in its place.

(c) Section 231 of the District of Columbia Human Rights Act, effective December 13, 1977 (D.C. Law 2-48, D.C. Official Code § 2-1402.31), is amended by adding a new subsection (c) to read as follows:

"(c) The monetary assistance provided to an owner of a housing accommodation under section 8 of the United States Housing Act of 1937, approved August 22, 1974 (88 Stat. 662; 42 U.S.C. § 1437f), either directly or through a tenant, shall be considered a source of income under this section."

TITLE III. TARGETED HISTORIC HOUSING TAX CREDIT.

Sec. 301. Short title.

This title may be cited as the "Historic Housing Tax Credit Act of 2002".

Sec. 302. Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents for Chapter 18 is amended by adding section designations "47-1806.08. Tax on residents and nonresidents ---- Credits ---- Targeted historic housing credit ---- Definitions. 47-1806.08a. Tax on residents and nonresidents ---- Credits ---- Targeted historic

**Amend
§ 47-1803.02**

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housing credit ---- Allowable credit. 47-1806.08b. Tax on residents and nonresidents ----- Credits ----- Targeted historic housing credit ---- Refund of credit. 47-1806.08c. Tax on residents and nonresidents ---- Credits ---- Targeted historic housing credit ---- Transferability of credit. 47-1806.08d. Tax on residents and nonresidents ---- Credits ---- Targeted historic housing credit ---- Liens; cancellation of credit; penalty. 47-1806.08e. Tax on residents and nonresidents ---- Credits ---- Targeted historic housing credit ---- Applicability of nonprofit corporations. 47-1806.08f. Tax on residents and nonresidents ---- Credits ---- Targeted historic housing credit ---- Cap. 47-1806.08g. Tax on residents and nonresidents ---- Credits ---- Targeted historic housing credit ---- Applicability date; Mayoral certification." after the section designation "47-1806.07. Reduction of top rate to goal of 8% or lower".

Amend
§ 4-205.05

(b) Chapter 18 is amended as follows:

(1) Section 47-1803.02(a)(2) is amended by adding a new subparagraph (S) to read as follows:

Amend
§ 2-1402.31

"(S) The proceeds from the sale of, or the use of a transferred, tax credit under § 47-1806.08c."

(2) New sections 47-1806.08 through 47-1806.08g are added to read as follows:

“§ 47-1806.08. Tax on residents and nonresidents ---- Credits ---- Targeted historic housing credit — Definitions.

“For the purposes of §§ 47-1806.08 through 47-1806.08g, the term:

"(1)(A) “Area median income” means:

"(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

"(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

"(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

"(iv) For a household of one person, 70% of the area median income for a household of 4 persons; and

"(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

"(B) Any percentage of household income referenced in this title (e.g., 80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers.

Amend
§ 47-1803.02

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“(2) “Certified rehabilitation” means a rehabilitation of a qualified structure that the Mayor has certified as meeting the Secretary’s standards.

“(3) “Eligible taxpayer” means a taxpayer, as defined in § 47-1801.04(7), who has a household income of 120% or less of the area median income.

New
§ 47-1806.08

“(4) “Historic district” shall have the same meaning as in section 3(5) of the Historic Landmark and Historic District Protection Act of 1978, effective March 8, 1979 (D.C. Law 2-144; D.C. Official Code § 6-1102(5)).

“(5) “Qualified rehabilitation expenditure” means a rehabilitation expenditure that:

“(A) Is properly chargeable to a capital account;

“(B) Is not attributable to the enlargement of an existing building;

“(C) Is not attributable to the cost of acquiring a structure or an interest in a structure; and

“(D) Is properly allocable to the qualified residence, including, in a cooperative, the exterior, the roof, and the electrical, plumbing, heating, ventilation, and cooling systems.

“(6) “Qualified residence” means a qualified structure, or the portion of a qualified structure, which is owned and occupied, or will be owned and occupied, as the principal place of residence of the eligible taxpayer.

“(7) “Qualified structure” means a contributing structure that is located within one of the following historic districts:

“(A) LeDroit Park Historic District;

“(B) Mount Vernon Square Historic District;

“(C) Blagden Alley/Naylor Court Historic District;

“(D) Shaw Historic District;

“(E) Anacostia Historic District;

“(F) Greater U Street Historic District;

“(G) Greater Fourteenth Street Historic District;

“(H) Mount Pleasant Historic District;

“(I) Capitol Hill Historic District; or

“(J) Takoma Park Historic District.

“(8) “Secretary’s standards” means the standards for rehabilitation set forth in section 67.7 of Title 36 of the Code of Federal Regulations (36 C.F.R. § 67.7).

“(9) “Substantial rehabilitation” means rehabilitation of a qualified structure for which the qualified rehabilitation expenditures, during the 24-month period selected by the taxpayer, exceed \$5,000. In the case of a rehabilitation that may reasonably be expected to be completed in phases set forth in architectural plans and specifications drawn by an architect licensed by the District of Columbia before the rehabilitation begins, a 60-month period may be substituted for the 24-month period.

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“§ 47-1806.08a. Tax on residents and nonresidents ---- Credits ---- Targeting housing historic credit — Allowable credit.

“(a) An eligible taxpayer who substantially rehabilitates a qualified structure shall be allowed a credit against the tax imposed on the taxpayer by § 47-1806.03 in the amount specified in subsection (b) of this section; provided, that:

“(1) The eligible taxpayer submits to the Mayor an application requesting certification that the structure and the planned rehabilitation are eligible for the credit;

“(2) The Mayor approves the application submitted under paragraph (1) of this subsection;

“(3) The Mayor certifies that the rehabilitation meets the Secretary’s standards, as applied to the rehabilitation of both the interior and exterior of the structure;

“(4) The qualified residence is the principal place of residence of the taxpayer or will be the principal place of residence of the taxpayer within 60 days after the rehabilitation is completed;

“(5) The taxpayer maintains the qualified residence as his or her principal place of residence for 5 years after the date on which the rehabilitation is certified by the Mayor;

“(6) At least 10% of the qualified rehabilitation expenditures shall be allocable to the exterior of the qualified structure;

“(7) The taxpayer attaches to the taxpayer’s income tax return:

“(A) A copy of the District of Columbia Certification of Completed Work confirming that the rehabilitation of the qualified structure is consistent with the Secretary’s standards, as applied to the rehabilitation of both the interior and exterior of the qualified structure;

“(B) A copy of the certification by the Mayor under § 47-1806.08g(b);

and

“(C) All information required, and forms prescribed, by the Mayor; and

“(8) The qualified rehabilitation expenditures are incurred after December 31, 2001.

“(b) The credit allowed by subsection (a) of this section shall be in the following amount:

**New
§ 47-1806.08a**

“(1) If the household income of the eligible taxpayer is equal to or less than 60% of the area median income, and the qualified structure has been the principal place of residence of the eligible taxpayer for 5 years or more, the credit shall be 35% of the qualified rehabilitation expenditures.

“(2) If the household income of the eligible taxpayer is equal to or less than 60% of the area median income, and the qualified structure has not been the principal place of residence of the eligible taxpayer for 5 years or more, the credit shall be 30% of the qualified rehabilitation expenditures.

“(3) If the household income of the eligible taxpayer is greater than 60% of the area median income and the qualified structure has been the principal place of residence of the

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eligible taxpayer for 5 years or more, the credit shall be 25% of the qualified rehabilitation expenditures.

“(4) If the household income of the eligible taxpayer is greater than 60% of the area median income and the qualified structure has not been the principal place of residence of the eligible taxpayer for 5 years or more, the credit shall be 20% of the qualified rehabilitation expenditures.

“(5) If the qualified residence is located in the Anacostia Historic District, the credits set forth in paragraphs (1) through (4) of this subsection shall be increased by 15 percentage points.

“(c) The credit allowed under subsection (a) of this section shall be allowed in the tax year in which the substantial rehabilitation is completed and may be carried forward as provided in § 47-1806.08c.

“(d) The credit allowed for a qualified home under subsection (a) of this section shall not exceed \$25,000 in any 60-month period.

“§ 47-1806.08b. Tax on residents and nonresidents — Credits — Targeted historic housing credit — Refund of credit.

“If the credit allowed a taxpayer under § 1806.08a exceeds the total income tax liability of the taxpayer for the taxable year in which the credit is first allowed, the taxpayer may claim a refund in the amount of the excess. The taxpayer shall not apply the excess as a credit against any other tax liability.

“§ 47-1806.08c. Tax on residents and nonresidents — Credits — Targeted historic housing credit — Transferability of credit.

“(a) An eligible taxpayer may transfer, in whole or part, a credit allowed under § 47-1806.08a.

“(b) The eligible taxpayer, or the person to whom the credit is transferred, shall, within 30 calendar days after the effective date of the transfer, notify the Mayor of the transfer by filing a form prescribed by the Mayor.

“(c) A person to whom a credit is transferred under this section may use the credit to offset up to 100% of the tax imposed on the person by § 47-1806.03 and may apply any unused credit in succeeding years as provided in § 47-1806.08b. The person shall file with the person’s District of Columbia income tax return a copy of the District of Columbia Certification of Completed Work, required by § 47-1806.08a(a)(7); a copy of the document evidencing the transfer of the credit; and any other information or forms required by the Mayor.

“§ 47-1806.08d. Tax on residents and nonresidents — Credits — Targeted historic housing credit — Lien; cancellation of credit; penalty.

“(a) Upon approval of a credit under § 47-1806.08a, the Mayor shall file with the Recorder of Deeds a lien against the property on which the qualified structure is located. The lien shall be in the amount of the credit. The lien shall expire 5 years after the date on which the rehabilitation is certified by the Mayor, subject to subsection (b) of this section, and the Mayor

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shall establish procedures to ensure that the lien is released upon the expiration of the 5-year period.

"(b) If the taxpayer does not maintain the qualified residence as his or her principal place of residence for 5 years after the date on which the rehabilitation is certified by the Mayor, the lien against the property shall not expire 5 years after the date on which the rehabilitation is certified by the Mayor, and the lien shall be maintained until it is satisfied; provided, the amount of the lien shall be reduced, on a prorated basis, based on the percentage of the required 5-year period that the taxpayer maintained the qualified residence as his or her principal place of residence.

New
§ 47-1806.08b

"(c) If the taxpayer does not maintain the qualified residence as his or her principal place of residence for 5 years after the date on which the rehabilitation is certified by the Mayor, and the lien is not satisfied, the Mayor may assess the amount calculated under subsection (b) of this section as a tax on the property; shall carry the tax on the regular tax rolls; shall collect the tax in the same manner as real property taxes are collected; and the property shall be subject to sale under Chapter 13A. Any unpaid tax assessed under this subsection shall be considered a personal debt of the owner of record of the property against which the tax is assessed, and an action may be brought in the name of the District at any time within 3 years after the expiration of 60 days from the date that the tax was assessed to recover the amount of the unpaid tax.

New
§ 47-1806.08c

“§ 47-1806.08e. Tax on residents and nonresidents — Credits — Targeted historic housing credit — Applicability to nonprofit corporations.

"(a) Entities exempt from taxation under § 47-1802.01 shall be eligible to receive, through transfer pursuant to § 47-1806.08c, the credit allowed by § 47-1806.08a and may transfer the credit pursuant to § 47-1806.08c.

"(b)(1) Entities exempt from taxation under § 47-1802.01 shall be eligible to receive the credit allowed by § 47-1806.08a and transfer the credit pursuant to § 47-1806.08c if the entity:

"(A) Rehabilitates the structure for the purposes of transferring ownership of the structure to an eligible taxpayer;

"(B) Transfers the credit to the eligible taxpayer at the time ownership of the structure is transferred to the eligible taxpayer.

New
§ 47-1806.08d

"(2) An eligible taxpayer to whom a credit is transferred pursuant to this section shall be subject to the 5-year residency requirement imposed by § 47-1806.08a(a)(5) and shall be subject to the enforcement mechanism authorized under § 47-1806.08d.

“§ 47-1806.08f. Tax on residents and nonresidents — Credits — Targeted historic housing credit — Cap.

“The Mayor may approve up to \$1,250,000 of credits under § 47-1806.08a each fiscal year from fiscal year 2003 through fiscal year 2006.”

"47-1806.08g. Tax on residents and nonresidents — Credits — Targeted historic housing credit — Applicability date; Mayoral certification.

"(a) Sections 47-1806.08 through 47-1806.08f shall apply for tax years beginning after

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December 31, 2002.

"(b) The Mayor shall certify to the Office of Tax and Revenue and to each owner of each property that the owner is an eligible taxpayer, the property is a qualified residence, and the amount of the qualified rehabilitation expenditures that are eligible under §§ 47-1807.08 through 47-1807.08f. The certification shall specify the owner, the legal description of the property, the address of the property, and the amount of the qualified rehabilitation expenditures. The certification shall be given to both the property owner and the Office of Tax and Revenue on or before the first day of the tax year for which the credit is claimed."

Sec. 303. Building permit fee — Historic rehabilitation deemed new construction.

A residential project involving the rehabilitation of an individually designated landmark building or a building located in an historic district that provides more than 100 apartment units and involves the replacement of all building systems (mechanical, plumbing, electrical) shall be deemed new construction for the purposes of calculating the building permit fee. This section shall apply to any building permits issued after October 31, 2001.

New
§ 47-1806.08e

TITLE IV. LOW-INCOME, LONG-TERM HOMEOWNERS PROTECTION.

Sec. 401. Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents for Chapter 18 is amended by inserting the section designation "47-1806.09. Tax on residents and nonresidents — Credits — Lower-income, long-term homeowner credit — Definitions. 47-1806.09a. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Allowable credit. 47-1806.09b. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Application for tax credit. 47-1806.09c. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Correction of errors. 47-1806.09d. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Fraud. 47-1806.09e. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Carryover of credit. § 47-1806.09f. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Applicability date; Mayoral certification." after the section designation "47-1806.08g. Tax on residents and nonresidents — Credits — Targeted historic housing credit — Applicability date; Mayoral certification."

New
§ 47-1806.08f

New
§ 47-1806.08g

(b) Chapter 18 is amended by adding new sections 47-1806.09 through 47-1806.09e to read as follows:

"§ 47-1806.09. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Definitions.

"For the purposes of §§ 47-1806.09 through 4-1806.09f, the term:

"(1)(A) "Area median income" means:

"(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the

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periodic calculation provided by the United States Department of Housing and Urban Development;

"(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

"(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

"(iv) For a household of one person, 70% of the area median income for a household of 4 persons;

"(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

"(B) Any percentage of household income referenced in §§ 47-1806.09 through 47-1806.09e (e.g., 80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers.

"(2) "Eligible residence" means a Class 1 property as defined in § 47-813(c-4)(1).

"(3) "Eligible resident" means a taxpayer, as defined in § 47-1801.04(7), who:

"(A) Owns an eligible residence as his or her principal place of residence and has resided in the eligible residence for at least 7 years; and,

"(B) Has a household income equal to or less than 50% of the area median income.

"(4) "Household income" shall have the same meaning as the meaning of "household income" in § 47-1806.06(b)(2).

"§ 47-1806.09a. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Allowable credit.

"(a) Subject to subsection (b) of this section and § 47-1806.08b, an eligible resident shall be allowed a credit against the tax imposed by § 47-1806.03 computed as follows: the amount of the real property tax imposed on the eligible residence under § 47-811 during the real property tax year ending in the tax year for which the credit is allowed, less 105% of the real property tax under § 47-811 imposed on the eligible residence under § 47-811 during the prior tax year.

"(b) The credit allowed by this section shall be allowed for tax years beginning on or after October 1, 2002.

"§ 47-1806.09b. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Application for credit.

"(a) To receive the credit allowed by § 47-1806.09b, the eligible resident shall submit,

Note,
§§ 47-864,
47-865

New
§ 47-1806.09

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with the resident's District of Columbia income tax return, an application containing any forms and information prescribed by the Mayor. If the resident is not required to file a District of Columbia income tax return, the resident shall submit an application containing any forms and information in a manner that the Mayor shall prescribe.

“(b) If the resident does not submit the application required by subsection (a) of this section within 12 months after the last day of the taxable year for which the credit may first be requested, the credit shall not be allowed.

“(c) An eligible resident may apply for the credit allowed by § 47-1806.09a or the credit allowed by § 47-1806.08a, but shall not be eligible for both tax credits.

“§ 47-1806.09c. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Correction of errors.

“If, pursuant to an audit or other review of an application filed under § 47-1806.09b, the Mayor determines the amount of the credit has been incorrectly computed, the Mayor shall determine the correct amount of the credit and notify the eligible resident in accordance with the procedures set forth in § 47-1812.05.

“§ 47-1806.09d. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Fraud.

“(a) If the Mayor determines, before the credit is allowed, that an application filed under § 47-1806.09b was filed with fraudulent intent, the Mayor shall deny the application.

“(b) If the Mayor determines, after a credit has been allowed against income taxes otherwise payable to the District, that an application filed under § 47-1806.09c was filed with fraudulent intent, the credit shall be canceled, the amount of the credit allowed shall be assessed against the applicant, and the amount assessed may be collected in the manner provided by § 47-412.

New
§ 47-1806.09a

“(c) The remedies authorized by this section shall be in addition to any other remedy allowed by law.

“§ 47-1806.09e. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Carryover of credit.

“If the credit allowed under § 47-1806.08a exceeds the total income tax liability of the eligible resident under § 47-1806.03 for the taxable year in which the credit is allowed, the eligible resident may claim a refund in the amount of the excess.

“§ 47-1806.09f. Tax on residents and nonresidents — Credits — Lower income, long-term homeowner credit — Applicability date; Mayoral certification.”.

New
§ 47-1806.09b

“(a) Sections 47-1806.09 through 47-1806.09f shall apply for the income tax years beginning after December 31, 2002.

“(b) The Mayor shall certify to the Office of Tax and Revenue and to each owner of each property that the owner is an eligible resident, that the property is an eligible residence qualified for the tax credit allowed under § 47-1806.09a, and the dollar amount of the improvements to the property qualifying for the credit. The certification shall specify the record

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owner; address; full legal description; and the dollar amount of the qualified improvements under this section. The certification shall be delivered to both the qualified property owner and Office of Tax and Revenue on or before the first day the tax year in which the credit is first claimed. In addition, the certification shall be attached to the owner's District of Columbia income tax return to claim the credit."

New
§ 47-1806.09c

TITLE V. MODIFICATION OF THE HOUSING PRODUCTION TRUST FUND.

Sec. 501. 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.*), is amended as follows:

(a) Section 2 (D.C. Official Code § 42-2801), is amended as follows:

New
§ 47-1806.09d

(1) Paragraph (1) is re-designated as paragraph (1B).

(2) New paragraphs (1) and (1A), are added to read as follows:

“(1)(A) “Area median income” means:

“(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

“(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

“(ii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

“(iii) For a household of one person, 70% of the area median income for a household of 4 persons;

New
§ 47-1806.09e

“(iv) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

New
§ 47-1806.09f

“(B) Any percentage of household income referenced in this act (e.g., 80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers.

“(1A) “Board” means the Housing Production Trust Fund Board established under section 3a.

(3) A new paragraph (3A) is added to read as follows:

“(3A) “Extremely low-income” means a household income equal to 30% or less or the area median income.”.

(4) Paragraph (6) is amended to read as follows:

“(6) “Low-income” means a household income equal to, or less than, 80% of the

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area median income and greater than 50% of the area median income.”.

(5) A new paragraph (9A) is added to read as follows:

“(9A) “Very low-income” means a household income equal to, or less than, 50% of the area median income and greater than 30% of the area median income.”.

(b) Section 3 (D.C. Official Code § 42-2802) is amended as follows:

**Amend
§ 42-2801**

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

(A) Paragraph (3) is amended by striking the phrase “low- and moderate-income” and inserting the phrase “low- and very low-income” in its place.

(B) Paragraph (8) is amended by striking the phrase “; and” and inserting a semicolon in its place.

(C) Paragraph (9) is amended as follows:

(i) Strike the phrase “other Loans” and insert the phrase “other Loans and grants” in its place.

(ii) Strike the period at the end and insert the phrase “; and” in its place.

(D) A new paragraph (10) is added to read as follows:

“(10) Funds for the administration of the Fund, not to exceed in a fiscal year 5% of the funds expended from the Fund during the fiscal year.”.

(2) A new subsection (b-1) is added to read as follows:

“(b-1)(A) At least 40% of the funds disbursed from the Fund during a fiscal year shall be for the purposes of assisting in the provision of housing opportunities for very low-income households, including maximizing the possibility of home ownership. The Mayor may submit a written request to the Council for a waiver of the 40% requirement if, by the 4th quarter of the fiscal year, the Mayor has not received a sufficient number of viable housing proposals. The Council shall approve or disapprove the waiver by resolution within 30 days, and the resolution shall be deemed disapproved if the Council does not act within this 30-day period.

“(B) At least 40% of the funds disbursed from the Fund during a fiscal year shall be for the purposes of assisting in the provision of housing opportunities for extremely low-income households, including maximizing the possibility of home ownership. The Mayor may submit a written request to the Council for a waiver of the 40% requirement if, by the 4th quarter of the fiscal year, the Mayor has not received a sufficient number of viable housing proposals. The Council shall approve or disapprove the waiver by resolution within 30 days, and the resolution shall be deemed disapproved if the Council does not act within this 30-day period.

“(C) At least 50% of the funds disbursed from the Fund during a fiscal year shall be for the purposes of assisting in the provision of rental housing. The Mayor may submit a written request to the Council for a waiver of the 50% requirement if, in the 3rd quarter of the fiscal year, the Mayor has not received a sufficient number of viable rental housing proposals. The Council shall approve or disapprove the waiver by resolution within 30 days, and the resolution shall be deemed approved if the Council does not act within the 30-day period.”.

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**Amend
§ 42-2802**

(3) Subsection (c) is amended as follows:

(A) Paragraph (10) is amended by striking the phrase "; and" and inserting a semicolon in its place.

(B) Paragraph (11) is amended by striking the period at the end and inserting a semicolon in its place.

(C) New paragraphs (12) and (13) are added to read as follows:

“(12) Beginning October 1, 2002, 15% of the real property transfer tax imposed by D.C. Official Code § 47-903 and 15% of the deed recordation tax imposed by section 303 of the District of Columbia Recordation Tax Act, approved March 2, 1976 (76 Stat. 12; D.C. Official Code § 42-1103); and

“(13) Proceeds realized from the sale of abandoned or deteriorated properties pursuant to Title VIII of the Housing Act of 2001, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183), unless those properties are sold pursuant to the Homestead Housing Preservation Act of 1986, effective August 9, 1986 (D.C. Law 6-135; D.C. Official Code § 42-2101 *et seq.*)”.

(4) Subsection (d)(2) is amended by striking the phrase “Housing and”.

(c) Section 3a (D.C. Official Code § 42-2802.01) is amended to read as follows:

“Section 3a. Housing Production Trust Fund Board.

“(a) There is hereby established a Housing Production Trust Fund Board. The Board shall advise the Mayor on the development, financing, and operation of the Fund and other matters related to the production of housing for low-income, very low-income, and extremely low-income households. The Board may review the uses of the Fund for their conformity with the purposes of the act and the Board shall have reasonable access to records related to the Fund to perform this review.

“(b) The Board shall be composed of 9 members, selected as follows:

“(1) One member shall be a representative of the financial services industry.

“(2) One member shall be a representative of the nonprofit housing production community.

“(3) One member shall be a representative of the for-profit housing production industry.

“(4) One member shall be a representative of an organization that advocates for the production, preservation, and rehabilitation of affordable housing for lower-income households.

“(5) One member shall be a representative of the low-income tenant association.

“(6) One member shall be a representative of an organization that advocates for the disabled.

“(7) The remaining 3 members shall have significant knowledge of an area related to the production, preservation, and rehabilitation of affordable housing for lower-income households.

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“(c) The members of the Board shall be appointed by the Mayor within 50 days of the effective date of the Housing Act of 2001, passed on 2nd reading on January 8, 2002 (Enrolled version of Bill 14-183), with the advice and consent of the Council.

“(d) The terms of the members of the Board shall be 4 years; provided, that of the initial 11 members of the Board, the Mayor shall appoint 5 members to serve 2-year terms.

“(e) No member of the Board may serve more than 2 terms.

“(f) The Chairperson of the Board shall be designated by the Mayor with the advice and consent of the Council.”.

(d) Section 4(b)(2)(I) (D.C. Official Code § 42-2802.03(b)(2)(I)) is amended by striking the phrase “low income purchasers” and inserting the phrase “very low-income purchasers” in its place.

(e) A new section 4a is added to read as follows:

“Sec. 4a. Annual report by Mayor.

“Within 60 days after the end of each fiscal year, the Mayor shall transmit to the Council a Housing Production Trust Fund Annual Report. The report shall include the following information:

“(1) The amount of money expended from the Housing Production Trust Fund during the fiscal year;

“(2) The number of loans and grants made during the fiscal year;

“(3) The number of low-income, very low-income, and extremely low-income households and individuals assisted through Fund expenditures;

“(4) A list of each project on which funds from the Fund were expended, including, for each project:

“(A) A brief description of the project, including the name of the project sponsor;

“(B) The amount of money expended on the project;

“(C) Whether the money expended was in the form of a loan or a grant;

and

“(D) The general terms of the loan or grant;

“(5) The amount and percentage of funds expended on homeownership projects;

“(6) The amount and percentage of funds expended on rental housing projects;

“(7) The amount and percentage of funds expended on rental housing or homeownership opportunities for households with incomes at or below 30% of the area median income;

“(8) The amount and percentage of funds expended on rental housing or homeownership opportunities for households with incomes at or below 50% of the area median income;

“(9) The amount and percentage of funds expended on rental housing or homeownership opportunities for households with incomes at or below 80% of the area median

Amend
§ 42-2802.01

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income;

"(10) The number of housing units assisted, including the number of rental housing units assisted and the number of homeownership units assisted; and

"(11) The amount expended on administrative costs during the fiscal year."

Sec. 502. Conforming amendments.

(a) Section 47-919 of the District of Columbia Official Code is amended by striking the phrase "General Fund" and inserting the phrase "General Fund; provided, that 15% of the monies collected under this chapter shall be deposited into the Housing Production Trust Fund established by § 42-2802" in its place.

**Amend
§ 42-2802.03**

(b) Section 322 of the District of Columbia Recordation Act, approved March 2, 1962 (76 Stat. 17; D.C. Official Code § 42-1122), is amended by striking the phrase "General Fund" and inserting the phrase "General Fund; provided, that 15% of the monies collected under this chapter shall be deposited into the Housing Production Trust Fund established by section 3 of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2802)" in its place.

**New
§ 42-2803.01**

TITLE VI. TAX ABATEMENT FOR NEW RESIDENTIAL DEVELOPMENTS.

Sec. 601. Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents for Chapter 8 is amended by adding the section designations "47-857.01 Tax abatements for new residential developments — Definitions. 47-857.02. Tax abatements for new residential developments — Requirements for all tax abatements for new residential developments. 47-857.03. Tax abatements for new residential developments — Tax abatement for all new housing developments downtown. 47-857.04. Tax abatements for new residential developments — Tax abatement for all new housing developments in Housing Priority Area A. 47-857.05. Tax abatements for new residential developments — Tax abatement for new mixed-income housing developments downtown. 47-857.06. Tax abatements for new residential developments — Tax abatement for new mixed-income housing developments in Housing Priority Area A. 47-857.07. Tax abatements for new residential developments — Tax abatement for new mixed-income housing developments in higher-income and other qualified areas throughout the District of Columbia. 47-857.08. Tax abatements for new residential developments — Tax abatement for new, very mixed-income housing developments in higher-income and other qualified areas throughout the District of Columbia. 47-857.09. Tax abatements for new residential developments — Abatement cap. 47-857.10. Tax abatements for new residential developments — Regulations." after the section designation "47-856. Residential property tax relief — Severability provisions."

(b) New sections 47-857.01 through 47-857.10 are added to read as follows:

"§ 47-857.01. Tax abatements for new residential developments — Definitions.

"For the purposes of §§ 47-857.01 through 47-857.10, the term:

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"(1)(A) "Area median income" means:

"(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

"(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

Amend
§ 47-919

"(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

"(iv) For a household of one person, 70% of the area median income for a household of 4 persons; and

Amend
§ 47-1122

"(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

"(B) Any percentage of household income referenced in §§ 47-857.01 through 47-857.10 (e.g., 80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers.

"(2) "Eligible area #1" means:

"(A) Downtown, as described in section 199 of Title 10 of the District of Columbia Municipal Regulations (10 DCMR § 199) and as designated on the District of Columbia Generalized Land Use Policies Map; and

"(B) Real property with a street frontage in the area bounded by and including New Hampshire Avenue, N.W., to the west, Delaware Avenue, N.E., to the east, Pennsylvania Avenue, N.W., to the south, and Massachusetts Avenue, N.W. and N.E., to the north, that is zoned C-4 or C-5.

"(3) "Eligible area #2" means Housing Priority Area A, as described in subsection 1706.8 of Title 11 of the District of Columbia Municipal Regulations (11 DCMR § 1706.8);

"(4) "Eligible area #3" means:

"(A) Census tracts where the average rent for one-bedroom and 2-bedroom apartments exceeds the fair market rent, as established by the United States Department of Housing and Urban Development for the purposes of the section 8 housing program, by 20% or more; and

"(B) Geographic areas in which it is unlikely that new or rehabilitated housing with rents of less than 120% of the fair market rent will be produced, as determined by

New
§ 47-857.01

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the Mayor after an analysis of the economic conditions and development pressures in the geographic area.

“(5) “Eligible real property” means real property that:

“(A) Is classified, in whole or in part, as Class 1 or Class 2 property under § 47-813(c-3), or would be so classified but for the operation of § 47-813(c-5);

“(B) Is improved by new structures or undergoes rehabilitation, as the term “rehabilitation” is defined in section 399 of Title 10 of the District of Columbia Municipal Regulations (10 DCMR § 399); and

“(C) Has 10 or more units devoted to residential use.

“(6) “Extremely low-income household” means a household consisting of one or more persons with a household income equal to 30% or less of the area median income.

“(7) “Household income” shall have the same meaning as “household gross income” in § 47-1806.06(b)(2).

“(8) “Low-income household” means a household consisting of one or more individuals with a household income equal to, or less than, 80% of the area median income and greater than 50% of the area median income.

“(9) “Very low-income household” means a household consisting of one or more individuals with a household income equal to, or less than, 50% of the area median income.

“§ 47-857.02. Tax abatements for new residential developments — Requirements for tax abatements for new residential developments.

“(a) Subject to subsection (b), (c), (d), and (e) of this section and to the tax abatement limits imposed by § 47-857.09, a property shall receive a tax abatement under § 47-857.03, § 47-857.04, § 47-857.05, § 47-857.06, § 47-857.07f, or § 47-857.08 if:

“(1) The owner or other authorized person receives:

“(A) A final building permit for the mechanical, electrical, plumbing, and heating, ventilation, and air conditioning systems for the building’s superstructure; or

“(B) A letter from both the building architect and the Mayor certifying that the first level of concrete has been laid and the building has received a building permit for both the building’s sheeting, shoring, and excavation work and the building’s foundation to grade structural work;

“(2) The owner or other authorized person requests a certification letter from the Mayor stating that the property and project are eligible for the applicable tax abatement and that the Mayor has reserved a tax abatement for the property in the authorized amount;

“(3) The Mayor transmits to the owner or other authorized person the certification letter requested under paragraph (2) of this subsection; and

“(4)(A) The building permit for the project’s superstructure is received after April 30, 2001; or

“(B) If the property is located in eligible area #1, before the Mayor certifies the tax abatement, the last of the building excavation and sheeting and shoring permits

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are received after January 1, 2001.

“(b) A tax abatement shall not be allowed under § 47-857.03, § 47-857.04, § 47-857.05, § 47-857.06, § 47-857.07, or § 47-857.08 unless the owner or other authorized person satisfies paragraphs (a)(1) and (a)(2) of this section on or before:

- (1) December 31, 2003, if the property is located in eligible area #1;
- (2) December 31, 2005, if the property is located in eligible area #2; or
- (3) December 31, 2004, if the property is located in eligible area #3.

“(c) A tax abatement shall not be allowed under § 47-857.03, § 47-857.04, § 47-857.05, § 47-857.06, § 47-857.07, or § 47-857.08:

“(1) Unless the first level of concrete for the project has not been laid within 6 months after the date the certification letter is transmitted by the Mayor under paragraph (a)(3) of this section, if certification was requested under paragraph (a)(1)(A) of this section; or

“(2) If the project does not receive a certificate of occupancy within 30 months after the date the certification letter is transmitted by the Mayor under paragraph (a)(3) of this section; provided, that the Mayor may extend the 30-month period for up to 6 months if the building’s construction has reached grade, as certified by the project architect and the Mayor.

“(d) A project which is financed in any part under Subchapter IX of Chapter 12 of Title 2 shall not be eligible to receive a tax abatement under § 47-857.03, § 47-857.04, § 47-857.05, § 47-857.06, § 47-857.07, or § 47-857.08.

“(e) A property which receives relief under § 45-3508.02 shall not be eligible to receive a tax abatement under § 47-857.03, § 47-857.04, § 47-857.05, § 47-857.06, § 47-857.07, or § 47-857.08.

New
§ 47-857.02

“(f) The Mayor shall, as nearly as practicable, review requests for certification in the order in which they were received and without regard to the type of tax abatement for which certification is requested.

“§ 47-857.03. Tax abatements for new residential developments — Tax abatement for all new housing projects downtown.

“Subject to § 47-857.02, there shall be allowed as an abatement of the real property tax imposed by § 47-811 on an eligible real property in eligible area #1 an amount computed as follows: \$0.81 per residential FAR square foot, multiplied by the building’s total residential FAR square footage as certified by the project architect and the Mayor; provided, that:

“(1) If a project does not use concrete construction throughout the building or does not include underground parking, the per residential FAR square foot tax abatement shall be determined by the Mayor and shall be determined so that the total tax abatement is estimated to be equal to 45% of the difference between the residential real property tax imposed on the project by § 47-811 before and after development.

“(2) The tax abatement for an eligible real property allowed by this section shall expire at the end of the 10th tax year after the tax year in which a certificate of occupancy is issued for the property.

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“(3) If, during a tax year for which the tax abatement is authorized by this section, the property for which the abatement was granted contains fewer than 10 dwelling units, the abatement shall not be allowed.

“§ 47-857.04. Tax abatements for new residential developments — Tax abatement for all new housing projects in Housing Priority Area A.

“Subject to § 47-857.02, there shall be allowed as an abatement of the real property tax imposed by § 47-811 on an eligible real property in eligible area #2 an amount computed as follows: \$1.10 per residential FAR square foot, multiplied by the building’s total residential FAR square footage as certified by the project architect and the Mayor; provided, that:

“(1) If a project does not use concrete construction throughout the building or does not include underground parking, the per residential FAR square foot tax abatement shall be determined by the Mayor and shall be determined so that the total tax abatement is estimated to be equal to 60% of the difference between the residential real property tax imposed on the project by § 47-811 before and after development.

“(2) The tax abatement for an eligible real property allowed by this section shall expire at the end of the 10th tax year after the tax year in which a certificate of occupancy is issued for the property.

“(3) If, during a tax year for which the tax abatement is authorized by this section, the property for which the abatement was granted contains fewer than 10 dwelling units, the abatement shall not be allowed.

“§ 47-857.05. Tax abatements for new residential developments — Tax abatement for new, mixed-income housing projects downtown.

“(a) Subject to § 47-857.02, there shall be allowed as an abatement of the real property tax imposed by § 47-811 on an eligible real property in eligible area #1 an amount computed as follows: \$1.38 per residential FAR square foot, multiplied by the building’s total residential FAR square footage as certified by the project architect and the Mayor; provided, that:

“(1) If a project does not use concrete construction throughout the building or does not include underground parking, the per residential FAR square foot tax abatement shall be determined by the Mayor and shall be determined so that the total tax abatement is estimated to be equal to 78% of the difference between the residential real property tax imposed on the project by 47-811 before and after development.

“(2) Ten percent of the housing units in the eligible real property shall be affordable to, and occupied by, low-income households for 20 years after the certificate of occupancy for the eligible real property is issued.

“(3) The dwelling units occupied by low-income households shall be equivalent in size and quality to other dwelling units in the development.

“(4) The variety of the sizes of dwelling units occupied by low-income households shall be reasonably similar to the variety of sizes of dwelling units in the eligible property as a whole.

New
§ 47-857.03

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“(5) The tax abatement for an eligible real property allowed by this section shall expire at the end of the 10th tax year after the tax year in which a certificate of occupancy is issued for the eligible real property.

“(6) If, during a tax year for which the tax abatement is authorized by this section, the property for which the abatement was granted contains fewer than 10 dwelling units, the abatement shall not be allowed.

“(b) If, during one of the last 10 years of the 20-year period of affordability required by subsection (a)(2) of this section, 10% of the housing units are not affordable to, and occupied by, low-income households, the owner of the property shall be assessed a penalty of \$10,000 per year for each unit which should be, but is not, affordable to low-income households; provided, that the Mayor may waive the penalty upon a showing of good cause.

New
§ 47-857.04

“(c) The Mayor may require an owner to demonstrate that the rents and tenant income for the eligible real property are consistent with the requirements of the tax abatement. If the requirements are not met, the abatement shall not be allowed and the owner shall remit all taxes owed for the period of non-compliance.

“§ 47-857.06. Tax abatements for new residential developments — Tax abatement for new, mixed-income housing projects in Housing Priority Area A.

“(a) Subject to § 47-857.02, there shall be allowed as an abatement of the real property tax imposed by § 47-811 on an eligible real property in eligible area #2 an amount computed as follows: \$1.75 per residential FAR square foot, multiplied by the building’s total residential FAR square footage as certified by the project architect; provided, that:

“(1) If a project does not use concrete construction throughout the building or does not include underground parking, the per residential FAR square foot tax abatement shall be determined by the Mayor and shall be determined so that the total tax abatement is estimated to be equal to 95% of the difference between the residential real property tax imposed on the project by § 47-811 before and after development.

New
§ 47-857.05

“(2) Ten percent of the housing units in the eligible real property shall be affordable to, and occupied by, low-income households for 20 years after the certificate of occupancy for the eligible real property is issued.

“(3) The dwelling units occupied by low-income households shall be equivalent in size and quality to other dwelling units in the development.

“(4) The variety of the sizes of dwelling units occupied by low-income households shall be reasonably similar to the variety of sizes of dwelling units in the eligible property as a whole.

“(5) The tax abatement for an eligible real property allowed by this section shall expire at the end of the 10th tax year after the tax year in which a certificate of occupancy is issued for the eligible real property.

“(6) If, during a tax year for which the tax abatement is authorized by this section, the property for which the abatement was granted contains fewer than 10 dwelling units,

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the abatement shall not be allowed.

“(b) If, during one of the last 10 years of the 20-year period of affordability required by subsection (a)(2) of this section, 10% of the housing units are not affordable to, and occupied by, low-income households, the owner of the property shall be assessed a penalty of \$10,000 per year for each unit which should be, but is not, affordable to low-income households; provided, that the Mayor may waive the penalty upon a showing of good cause.

“(c) The Mayor may require an owner to demonstrate that the rents and tenant income for the eligible real property are consistent with the requirements of the tax abatement. If the requirements are not met, the abatement shall not be allowed and the owner shall remit all taxes owed for the period of non-compliance.

“§ 47-857.07. Tax abatements for new residential developments —Tax abatement for new, mixed-income housing projects in higher-cost and other qualified areas throughout the District of Columbia.

“(a) Subject to § 47-857.02, there shall be allowed as an abatement of the real property tax imposed by § 47-811 on an eligible real property in eligible area #3 an amount computed as follows: 75% of the difference between the residential real property tax imposed by § 47-811 before and after development or a dollar amount based on criteria or formulas promulgated by the Mayor, pursuant to regulation, which equals approximately 75% of the difference between the residential real property tax imposed by § 47-811 before and after development; provided that:

New
§ 47-857.06

“(1) Five percent of the housing units in the eligible real property shall be affordable to, and occupied by, low-income households for 20 years after the certificate of occupancy for the eligible real property is issued.

“(2) An additional 10% of the housing units in the eligible real property shall be affordable to, and occupied by, households with household incomes of 60% or less of the area median income for 20 years after the certificate of occupancy for the eligible real property is issued.

“(3) The dwelling units occupied by low-income households and 60%-of-area-median-income households shall be equivalent in size and quality to other dwelling units in the development

“(4) The variety of the sizes of dwelling units occupied by low-income households and 60%-of-area-median-income households shall be reasonably similar to the variety of sizes of dwelling units in the eligible property as a whole.

“(5) The tax abatement for an eligible real property allowed by this section shall expire at the end of the 10th tax year after the tax year in which a certificate of occupancy is issued for the eligible real property.

“(6) If, during a tax year for which the tax abatement is authorized by this section, the property for which the abatement was granted contains fewer than 10 dwelling units, the abatement shall not be allowed.

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“(b) If, during one of the last 10 years of the 20-year period of affordability required by subsection (a)(1) of this section, the owner fails to comply with the unit set-aside requirements of subsection (a) of this section, the owner of the property shall be assessed a penalty of \$10,000 per year for each unit which does not meet the income or set-aside requirements; provided, that the Mayor may waive the penalty upon a showing of good cause.

“(c) The Mayor may require an owner to demonstrate that the rents and tenant income for the eligible real property are consistent with the requirements of the tax abatement. If the requirements are not met, the abatement shall not be allowed and the owner shall remit all taxes owed for the period of non-compliance.

“§ 47-857.08. Tax abatements for new residential developments —Tax abatement for new, very mixed-income housing projects in higher-cost and other qualified areas throughout the District of Columbia.

New
§ 47-857.07

“(a) Subject to § 47-857.02, there shall be allowed as an abatement of the real property tax imposed by § 47-811 on an eligible real property in eligible area #3 an amount computed as follows: 100% of the difference between the residential real property tax imposed by § 47-811 before and after development or a dollar amount based on criteria or formulas promulgated by the Mayor, pursuant to regulation, which equals approximately 100% of the difference between the residential real property tax imposed by § 47-811 before and after development; provided, that:

“(1) Five percent of the housing units in the eligible real property shall be affordable to, and occupied by, low-income households for 20 years after the certificate of occupancy for the eligible real property is issued.

“(2) An additional 10% of the housing units in the eligible real property shall be affordable to, and occupied by, households with household incomes of 60% or less of the area median income for 20 years after the certificate of occupancy for the eligible real property is issued.

“(3) An additional 5% of the housing units in the eligible real property shall be affordable to, and occupied by, extremely low-income households for 20 years after the certificate of occupancy for the eligible real property is issued.

“(4) The dwelling units occupied by low-income households, 60%-of-area-median-income households, and extremely low-income households shall be equivalent in size and quality to other dwelling units in the development.

“(5) The variety of the sizes of dwelling units occupied by low-income households, 60%-of-area-median-income households, and extremely low-income shall be reasonably similar to the variety of sizes of dwelling units in the eligible property as a whole.

“(6) The tax abatement for an eligible real property allowed by this section shall expire at the end of the 10th tax year after the tax year in which a certificate of occupancy is issued for the eligible real property.

“(7) If, during a tax year for which the tax abatement is authorized by this

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section, the property for which the abatement was granted contains fewer than 10 dwelling units, the abatement shall not be allowed.

“(b) If, during one of the last 10 years of the 20-year period of affordability required by subsection (a)(1) of this section, the owner fails to comply with the unit set-aside requirements of subsection (a) of this section, the owner of the property shall be assessed a penalty of \$10,000 per year for each unit which does not meet the income or set-aside requirements; provided, that the Mayor may waive the penalty upon a showing of good cause.

“(c) The Mayor may require an owner to demonstrate that the rents and tenant income for the eligible real property are consistent with the requirements of the tax abatement. If the requirements are not met, the abatement shall not be allowed and the owner shall remit all taxes owed for the period of non-compliance.

“§ 47-857.09. Tax abatements for new residential developments — Abatement caps.

(a) The Mayor may approve up to \$2.5 million in annual tax abatements under §§ 47-857.03 and 47-857.05.

(b) The Mayor may approve up to \$2 million in annual tax abatements under §§ 47-857.04 and 47-857.06.

(c) The Mayor may approve up to \$2.5 million in annual tax abatements under §§ 47-857.07 and 47-857.08.

“§ 47-857.10. Tax abatements for new residential developments — Regulations.

“The Mayor shall promulgate regulations to implement §§ 47-857.01 through 47-857.09 within 180 days after the effective date of this section.”

New
§ 47-857.08

Sec. 602. Section 802 of the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3508.02), is amended by adding a new subsection (f) to read as follows:

“(f) This section shall not apply to property which receives tax relief pursuant to D.C. Official Code §§ 47-857.03 through 47-857.10.”

TITLE VII. TAX ABATEMENT FOR ELIGIBLE HOMEOWNERS IN ENTERPRISE ZONES.

Sec. 701. Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents for Chapter 8 is amended by adding the section designations “47-858.01. Tax abatements for homeowners in enterprise zones — Definitions. 47-858.02. Tax abatements for homeowners in enterprise zones — Requirements for tax abatement. 47-858.03. Tax abatements for homeowners in enterprise zones — Tax abatement for substantial rehabilitation of single-family residential property in an enterprise zone. 47-858.04. Tax abatements for homeowners in enterprise zones — Tax credit for substantial rehabilitation of single-family residential property in an enterprise zone. 47-858.05 Tax abatements for homeowners in enterprise zones — Applicability date; Mayoral certification; computation of

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abatement.” after the section designation “47-857.08. Tax abatements for new residential developments — Regulations.”.

(b) New sections 47-858.01 through 47-858.05 are added to read as follows:

“§ 47-858.01. Tax abatements for homeowners in enterprise zones — Definitions.

“For the purposes of §§ 47-858.01 through 47-858.05, the term:

“(1)(A) “Area median income” means:

“(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

“(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

“(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

“(iv) For a household of one person, 70% of the area median income for a household of 4 persons; and

New
§ 47-857.09

“(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

“(B) Any percentage of household income referenced in this title (e.g., 80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers.

New
§ 47-857.10

“(2) “Eligible owner” means the owner of a residential property who resides in a household consisting of one or more individuals with a household income of 120% or less of the area median income.

Amend
§ 42-3508.02

“(3) “Enterprise zone” means the area of the District designated as the District of Columbia Enterprise Zone under section 1400 of the Internal Revenue Code of 1986, approved August 5, 1997 (111 Stat. 863; 26 U.S.C. § 1400).

“(4) “Single family residential property” shall have the same meaning as in § 47-803(6).

“(5) “Substantially rehabilitates” means rehabilitation of a single family residential property for which the rehabilitation expenditures, during the 24-month period selected by the taxpayer, exceed \$20,000. In the case of a rehabilitation that may reasonably be expected to be completed in phases set forth in architectural plans and specifications drawn by an architect licensed by the District of Columbia before the rehabilitation begins, a 60-month period may be substituted for the 24-month period.

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“§ 47-858.02. Tax abatements for homeowners in enterprise zones — Requirements for tax abatement.

“In order for a property to be eligible for a tax abatement under § 47-858.03 or §47-858.04, an owner must:

“(1) Submit an application to the Mayor requesting certification of the property and rehabilitation as eligible for the tax abatement; and

New
§ 47-858.01

“(2) Receive the Mayor’s certification of the application and the tax abatement.

“§ 47-858.03. Tax abatements for homeowners in enterprise zones — Tax abatement for substantial rehabilitation of single-family residential property in an enterprise zone.

“(a) Subject to § 47-858.02 and subsection (b) and (c) of this section, if an eligible owner of a single family residential property in an enterprise zone substantially rehabilitates the property after the effective date of this section and before October 1, 2007, there shall be allowed a deduction from the real property tax imposed by § 47-811 on the real property computed as follows:

“(1) For the tax year in which the rehabilitation is completed and for the 3 tax years after the year in which the rehabilitation is completed, a deduction equal to 100% of the amount by which the tax liability for the real property increased under § 47-811 as a result of the rehabilitation;

“(2) For the 4th tax year after the year in which the rehabilitation is completed, a deduction equal to 75% of the amount by which the tax liability for the real property increased under § 47-811 as a result of the rehabilitation;

“(3) For the 5th tax year after the year in which the rehabilitation is completed, a deduction equal to 50% of the amount by which the tax liability for the real property increased under § 47-811 as a result of the rehabilitation; and

“(4) For the 6th tax year after the year in which the rehabilitation is completed, a deduction equal to 25% of the amount by which the tax liability for the property increased under § 47-811 as a result of the rehabilitation.

“(b) In order to be eligible for the tax credit under this section, the owner shall complete the substantial rehabilitation of the property for which the tax abatement is granted within 36 months after receiving the approval of the Mayor under § 47-858.02; provided, that if the substantial rehabilitation is a phased rehabilitation as described in § 47-858.01(5), the owner shall complete the substantial rehabilitation within 72 months, or such shorter period as the Mayor may designate, which shorter period shall be related to the length of the rehabilitation and shall be not less than 36 months, after receiving the approval of the Mayor under § 47-858.02.

“(c) The deduction under subsection (a) of this section shall be allowed only while the eligible owner or, if the eligible owner dies, a spouse, domestic partner, sibling, child, parent, or grandparent of the person (collectively, “qualified relative”), occupies the property as the principal residence of the eligible owner or qualified relative.

“§ 47-858.04. Tax abatements for homeowners in enterprise zones —Tax credit for

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substantial rehabilitation of single-family residential property in an enterprise zone.

“(a) Subject to § 47-858.02 and subsection (b) of this section, if an eligible owner of a single family residential property in an enterprise zone substantially rehabilitates the property after the effective date of this section and before October 1, 2007, the real property tax imposed by § 47-811 shall, for the tax year in which the substantial rehabilitation is completed, be reduced by \$50 for each \$1,000 of expended on the substantial rehabilitation; provided:

New
§ 47-858.02

“(1) The owner is subject to the income tax imposed by § 47-1806.03;

“(2) The improvements are completed after October 1, 2002;

“(3) The owner completes the substantial rehabilitation of the property for which the reduction is granted within 36 months after receiving the approval of the Mayor under § 47-858.02;

New
§ 47-858.03

“(4) The reduction in the tax imposed by § 47-1806.03 shall not exceed \$5,000.

“(b) The amount of the reduction allowed during a tax year under this section shall not exceed 50% of the real property tax that was imposed on the real property by § 47-811 during the prior tax year. If the amount of the reduction exceeds 50% of the tax imposed during the prior tax year, the unused amount of the reduction may be carried forward for 5 tax years

"(c) The Mayor may approve up to \$1 million in tax credits under § 47-858.04.

§ 47-858.05. Tax abatements for homeowners in enterprise zones — Applicability date; Mayoral certification; computation of abatement.

"(a) Sections 47-858.01 through 47-858.04 shall apply for tax years beginning on or after October 1, 2002.

"(b) On or after the first day of the tax year for which the qualification for an abatement is certified, the Mayor shall certify to the Office of Tax and Revenue a list of the qualified properties which specifies the exact parcel subject to abatement, an estimate of the abatement, and a statement that the property owner qualifies.

"(c) The abatement shall be computed by the Office of Tax and Revenue by comparing the current assessment of the qualified property for the first year that the property is qualified or the assessment in any succeeding year and comparing it to the assessment in the base year. The abatement percentage shall be applied to the difference between base year assessment and the current year's assessment for each tax year. The Mayor shall certify to the Office of Tax and Revenue that each property owner and each property qualifies for the program annually regarding income levels."

TITLE VIII. MODIFICATIONS TO THE HOMESTEAD HOUSING PRESERVATION PROGRAM.

Sec. 801. The Homestead Housing Preservation Act of 1986, effective August 9, 1986 (D.C. Law 6-135; D.C. Official Code § 42-2101 *et seq.*), is amended as follows:

(a) Section 3 (D.C. Official Code § 42-2102) is amended as follows:

(1) Paragraph (1) is amended by striking the phrase "To provide" and inserting

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the phrase “To provide decent and affordable rental opportunities for low-income persons and” in its place.

(2) Paragraph (4) is amended by striking the word “and” at the end.

New
§ 47-858.04

(3) Paragraph (5) is amended by striking the period at the end and inserting the phrase “; and” in its place.

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

“(6) To strengthen neighborhoods by returning blighted, vacant, and neglected properties to productive use.”.

(b) Section 4 (D.C. Official Code § 42-2103) is amended as follows:

(1) Paragraph (1) is repealed.

(2) Paragraph (3A) is amended by striking the word “Administrator” and inserting the word “Mayor” in its place.

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

“(4) “Homesteader (Residential) means an individual or an organization representing an individual who purchases a dwelling unit through the Program and enters into an abatement agreement.”.

(c) Section 5 (D.C. Official Code § 42-2104) is amended as follows:

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

(A) Strike the phrase “for the District” and insert the phrase “, to be administered by the Mayor” in its place.

(B) Strike the phrase "may be transferred" and insert the phrase "or through District-initiated foreclosure, donation, or purchase, may be transferred" in its place.

New
§ 47-858.05

(2) Subsection (b) is amended by striking the phrase “Administrator of” and inserting the phrase “Mayor through” in its place.

(3) Subsection (e) is repealed.

(d) Section 6 (D.C. Official Code § 42-2105) is amended as follows:

(1) Subsection (a) is amended by striking the word “Administrator” and inserting the word “Mayor” in its place.

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

(A) Strike the word “Administrator” wherever it appears and insert the word “Mayor” in its place.

(B) The second sentence is amended by striking the word "repair" and inserting the phrase “development, repair” in its place.

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

"(c) The Mayor may accept unsolicited proposals for any property that has been offered for sale but that was not purchased through the RFP process. A proposal that the Mayor approves shall be submitted to the Council for approval, in whole or in part, by resolution. If the Council does not approve or disapprove the proposed resolution within 60 calendar days, excluding days of Council recess, the proposed resolution shall be deemed disapproved."

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(e) A new section 6a is added to read as follows:

"Sec. 6a. Privatization of title services.

The Mayor may contract with, and pay all reasonable costs of, any person to research and quiet title to properties to be included in the Program. If services are provided by a person under this section and the property is subsequently redeemed by the owner or another party having an interest in the property, as allowed under D.C. Official Code § 47-847, the costs of the services shall be paid by the District and shall be included in the costs due to the District by the redeeming party under D.C. Official Code § 47-847."

Amend
§ 42-2102

(f) Section 7 (D.C. Official Code § 42-2106) is amended as follows:

(1) Subsection (a) is amended by adding a new paragraph (4) is added to read as follows:

"(4) If there are no proposals for the development of condominium or cooperative housing, proposals for the development of rental housing for low-income persons shall be considered next."

Amend
§ 42-2103

(2) Subsection (b) is amended to read as follows:

"(b) Except in the case of rental buildings, the proprietary interests in properties sold through the Program shall be allocated as follows:

"(1) No less than 25% of the proprietary interests in large multi-family dwellings shall be transferred to low- or moderate-income households.

"(2) No less than 15% of the proprietary interests in large multi-family dwellings shall be transferred to low-income households.

"(3) No less than 50% of the dwelling units and proprietary interests in large multi-family, small multi-family, and single-family properties each year shall be transferred to low or moderate income families."

Amend
§ 42-2104

(3) Subsection (c) is amended by striking the word "Administrator" and inserting the word "Mayor" in its place.

(g) Section 8 (D.C. Official Code § 42-2107) is amended as follows:

(1) The third sentence of subsection (a) is amended by striking the phrase "priority shall be given low-income persons" and inserting the phrase "priority shall be given first to the sale to a low-income person and priority shall be given next to the sale for the development of rental units for low-income persons" in its place.

Amend
§ 42-2105

(2) Subsection (d) is amended by striking the phrase "potential homesteaders" and inserting the phrase "potential homesteaders for the purchase of the building" in its place.

(3) Strike the word "Administrator" wherever it appears and insert the word "Mayor" in its place.

(h) Section 9 (D.C. Official Code § 42-2108) is amended as follows:

(1) Subsection (a)(7) is amended by striking the phrase "taxes, fees," and inserting the phrase "taxes, fees, utility charges," in its place.

(2) A new subsection (b-1) is added to read as follows:

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“(b-1) At the time of settlement, an organization purchasing a property for residential rental use shall take free and clear title, subject only to the terms of an abatement agreement and this act. The purchaser shall enter into an abatement agreement with the District, which shall include requirements that the purchaser, for a period of at least 20 years, shall:

“(1) Maintain the property in decent, safe, and sanitary condition and in conformity with all building codes;

New
§ 42-2105.01

“(2) Reserve no fewer than 50% of units for low-income and moderate-income households and charge rents affordable to low-income households in no fewer than 25% of units;

“(3) Allow periodic inspections of the property by the District or its agents;

“(4) Maintain fire and extended coverage insurance with a face amount equal to at least 80% of the fair market value of the property; and

“(5) Pay all taxes, fees, utility charges, and assessments on the property.”

(3) Strike the word “Administrator” wherever it appears and insert the word “Mayor” in its place.

Amend
§ 42-2106

(i) Section 10 (D.C. Official Code § 42-2109) is amended as follows:

(1) Subsection (a) is amended by striking the word “Administrator” and inserting the word “Mayor” in its place.

(2) Subsection (b)(1) is amended by striking the phrase “of cooperative and other forms”.

(j) Section 11 (D.C. Official Code § 42-2110) is amended by striking the word “Administrator” wherever it appears and inserting the word “Mayor” in its place.

Sec. 802. Section 3 of the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2802), is amended as follows:

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

(1) Paragraph 8 is amended by striking the word "and".

(2) New paragraphs (8A) and (8B) are added to read as follows:

"(8A) Loans authorized through the Homestead Housing Preservation Program in section 8 of the Homestead Housing Preservation Act of 1986, effective August 9, 1986 (D.C. Law 6-135; D.C. Official Code § 42-2107);

"(8B) Payments to a person contracted to perform services under section 6a of the Homestead Housing Preservation Act of 1986, effective August 9, 1986 (D.C. Law 6-135; to be codified); and".

Amend
§ 42-2107

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

(1) Paragraph 10 is amended by striking the word "and".

(2) Paragraph 11 is amended by striking the period and adding the phrase "; and" in its place.

(3) A new paragraph 12 is added to read as follows:

"(12)(A) Repayments of loans, including principal and interest, provided under

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section 8 of the Homestead Housing Preservation Program Act of 1986, effective August 9, 1986 (D.C. Law 6-135; D.C. Official Code § 42-2107); and

Amend
§ 42-2108

"(B) Proceeds realized from the liquidation of any security interests held by the District under the terms of assistance provided from the fund through the Homestead Housing Preservation Program established in the Homestead Housing Preservation Act of 1986, effective August 9, 1986 (D.C. Law 6-135; D.C. Official Code § 42-2101 *et seq.*)."

TITLE IX. DISTRICT MATCHING FUNDS FOR EMPLOYER-ASSISTED HOME PURCHASE PROGRAMS.

Sec. 901. Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents for Chapter 18 is amended by adding the section designation "47-1807.07. Employer-assisted home purchase tax credit." after the section designation "47-1807.06. Tax credit for income that includes rent charged to licensed, nonprofit child development center; exemptions."

(b) Chapter 18 is amended as follows:

(1) Section 47-1803.02(a)(2) is amended by adding a new subparagraph (T) to read as follows:

"(T) Homeownership assistance received by the eligible employee through a certified employer-assisted home purchase program, as those terms are defined in § 47-1807.07, and used for the purchase of a qualified residential real property."

(2) A new section 47-1807.07 is added to read as follows:

"§ 47-1807.07 Employer-assisted home purchase tax credit.

Amend
§ 42-2109

"(a) For the purposes of this section, the term:

"(1)(A) "Area median income" means:

"(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

Amend
§ 42-2110

"(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

Amend
§ 42-2802

"(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

"(iv) For a household of one person, 70% of the area median income for a household of 4 persons; and

"(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

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"(B) Any percentage of household income referenced in this title (e.g., 80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers.

"(2) "Certified employer-assisted home purchase program" means a program:

"(A) Through which an employer provides homeownership assistance to its employees;

"(B) Which is provided uniformly to the employees of the employer; provided, that the employer may limit eligibility for the program by establishing a maximum income limit and may limit assistance to new homebuyers; and

"(C) Which is certified by the Mayor.

"(3) "Eligible employee" means an employee who:

"(A) Has been employed by the employer for the prior 12 months;

"(B) Is not self-employed;

"(C) Is not a member of the board of directors of the employer;

"(D) Does not own, directly or indirectly, a majority of the stock of the employer; and

"(E) Has a household income equal to or less than 120% of the area median income.

"(4) Employer" means a natural person, corporation, partnership, limited liability company, or other entity that:

"(A) Is subject to taxation under § 47-1807.02 or § 47-1808.03 or is exempt from taxation under § 47-1802.01; and

Amend
§ 47-1803.02

"(B) Has one or more employees.

"(5) "Homeownership assistance" means money provided to an eligible employee by an employer for the down payment or other acquisition costs for the purchase of the principal place of residence of the employee.

"(6) "New homebuyer" means an employee (and, if married, the employee's spouse) who did not own a principal place of residence in the District during the previous 12 months.

Amend
§ 47-1807.07

"(b)(1) For taxable years beginning after December 31, 2002, the amount of tax payable under this subchapter shall be reduced by a credit equal to 1/2 of the amount of the homeownership assistance provided by the employer to its eligible employees during the taxable year; provided, that:

"(A) The reduction shall not exceed \$2,500 for any one eligible employee who receives homeownership assistance;

"(B) The assistance is provided through a certified employer-assisted home purchase program;

"(C) The assistance is used for the purchase of a qualified residential real

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property; and

“(D) The eligible employee is a new homebuyer.

“(2) If the homeownership assistance consists of providing a loan and then discharging all or a portion of the loan upon completion of a required period of employment, the homeownership assistance shall be treated as provided at the time that the loan, or the portion of the loan, is discharged.

“(3) To claim the credit allowed by this subsection, the employer shall attach to its tax return:

“(A) A form certifying, for each person for whom the employer is claiming the credit under this section:

“(i) The person is an eligible employee of the employer;

“(ii) The employer provided homeownership assistance to the eligible employee under a certified employer-assisted home purchase program;

“(iii) The amount of homeownership assistance provided to the eligible employee;

“(iv) The eligible employee used the homeownership assistance to purchase qualified residential real property;

“(v) The household size and household income of the eligible employee;

“(vi) The address of the qualified residential real property; and

“(vii) The eligible employee intends to reside in the qualified residential real property for at least 5 years; and

“(B) A copy of the certification of the employer’s employer-assisted affordable homeownership assistance program under which the homeownership assistance was provided.”.

(3) Section 47-1808.07 is amended by striking the phrase "and 47-1807.06" and inserting the phrase "47-1807.06, and 47-1807.07" in its place.

TITLE X. HOMEOWNERSHIP COUNSELING PROGRAM.

Sec. 1001. Homeownership counseling program.

(a) The Mayor shall establish within the District government, or cause to be provided through one or more non-government entities pursuant to a contract or contracts with the District of Columbia, a Homeownership Counseling Program (“Program”). The Program shall provide:

- (1) Information concerning credit ratings, credit management, and credit counseling;
- (2) Warnings regarding predatory lending practices;
- (3) Information on how to purchase a home;
- (4) Information concerning financial resources available to first-time homebuyers

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in the District of Columbia;

(5) Information concerning financial planning after purchasing a home; and

(6) A compilation and explanation of all federal and District of Columbia tax provisions and public and private programs providing homeownership assistance.

(b) The information required under subsection (a) of this section shall be made available over the Internet and shall be provided to each public library in the District of Columbia.

TITLE XI. RULES; FISCAL IMPACT STATEMENT; EFFECTIVE DATE.

Sec. 1101. Rules.

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.*), shall promulgate rules to implement this act.

Sec. 1102. Fiscal impact statement.

The Council adopts the attached fiscal impact statement as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 1103. Inclusion in the budget and financial plan.

This act shall take effect subject to the inclusion of its fiscal effect in an approved budget and financial plan.

Sec. 1104. 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

Amend
§ 47-1808.07

New Chapter
26A
Title 42
New
§ 42-2651

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Mayor
District of Columbia

Note
§§ 42-3171.01
42-2851.01,
47-864,
47-865,
47-1806.08,
47-1806.09,
42-2803.01,
47-858.01,
42-2105.01,
47-1807.07,
42-2651