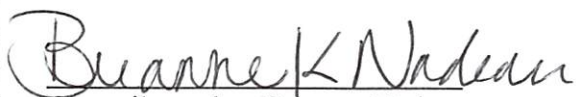


1   
2 Chairman Phil Mendelson

  
Councilmember Anita D. Bonds

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5 Councilmember Briame Nadeau

  
Councilmember David Grosso

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8 Councilmember Elissa Silverman

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13 A BILL  
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17 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA  
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21 To establish a program to transform vacant buildings, blighted-vacant buildings, vacant-true  
22 property, and condemned real property into affordable housing; to stipulate what entities  
23 may rehabilitate a property; to require a developer to keep the housing burden of a tax-  
24 sale property consistent with the federal Low Income Housing Tax Credit program limits  
25 for renters and the Housing Production Trust Fund subsidy program limits for buyers; to  
26 specify the income level of a buyer and renter of a property; to require 75% of the total  
27 square footage of the property to be sold or rented to low income individuals, and to  
28 require that portion of a housing accommodation to be apportioned among individuals  
29 that fall within certain percentages of a range of Area Median Incomes; to require a 40-  
30 year affordability covenant for a multifamily housing accommodation; to require certain  
31 rental units to be governed by the Rental Housing Act of 1985 after the expiration of the  
32 affordability covenant; to require a developer to pay the loan in full if the property is  
33 sold; to specify the loan repayment requirements for a developer who rehabilitates a  
34 property as a multifamily housing accommodation for rent; to require full payment of all  
35 loan amounts relating to the property owed to the District if the affordability covenant is  
36 breached, plus 40 percent of the profits generated from the breach; to permit a developer  
37 to file in the District of Columbia Superior Court to foreclose on the right of redemption  
38 of the property after the expiration of a 30-day waiting period following the date of the  
39 tax sale; to require the DC Bar Foundation to issue grants to organizations to represent  
40 developers in the foreclosure of a tax-sale property acquired under this act; to establish a  
41 fund administered by the District of Columbia Housing Finance Agency to provide loans  
42 to developers for the purpose of rehabilitating or building new housing accommodations  
43 on properties; to exempt properties purchased covered by this act from real property taxes  
44 for a certain period; to exempt developers from recordation taxes and property transaction  
45 fees for properties acquired under this act; to require expeditious review by District  
46 agencies of requests made on properties purchased under the pilot program.

47 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this  
48 act may be cited as the “Property Rehabilitation for Affordable Housing Act of 2016”.

49 Sec. 2. Definitions.

50 For the purposes of this section:

51 (1) “Blighted-vacant” has the same meaning as in D.C. Code § 42-3131.05(1).

52 (2) “Certificate of occupancy” means the first certificate of occupancy issued for  
53 a usable, habitable space at grade or above grade.

54 (3) “Condemned” means real property that has been declared unsafe for  
55 habitation by the Department of Consumer and Regulatory Affairs.

56 (4) “Government financial assistance” means any loan, subsidy, or grants  
57 provided by the District of Columbia government.

58 (5) “Multifamily housing accommodation” means a structure that contains 5 or  
59 more residential units.

60 (6) “Profit” means revenue earned from rent less construction and any other  
61 maintenance costs or financial gain derived from the difference between the amount earned from  
62 the breach of the covenant less the amount of all property related loans and fees.

63 (7) “Vacant” has the same meaning as in D.C. Code § 42-3131.05(5).

64 (8) “Vacant-true” means a real property that has not been improved with a  
65 structure.

66 Sec. 3. Affordable housing program.

67 (a) The Mayor shall establish a program to transform vacant buildings, blighted-vacant  
68 buildings, condemned buildings, and vacant-true real property into affordable housing  
69 accommodations.

70 (b) The Mayor shall acquire property for the program at public auction pursuant to  
71 Chapter 13A of Title 47 of the District of Columbia Code. The property shall:

72 (1) Be vacant, blighted-vacant, condemned, or vacant-true;

73 (2) Have a real property tax debt of at least 50% of the assessed market value of  
74 the property; and

75 (3) Has no other liens attached to the property.

76 (c) The Mayor may only transfer the property to either:

77 (1) A District resident;

78 (2) An instrumentality of the District or a subsidiary thereof;

79 (3) A corporation not organized for profit and exempt from income taxation under  
80 section 501(c)(3) of the Internal Revenue Code of 1986, approved October 26, 1986 (68A Stat.  
81 163; 26 U.S.C. § 501(c)(3)); or

82 (4) A corporation organized for profit that enters into a joint venture to acquire  
83 property under this section with a corporation not organized for profit. The corporation not  
84 organized for profit shall own 51% of the shares of the joint venture.

85 (d) The property shall be transferred to a developer in a competitive bidding process.

86 (1) Bids shall be awarded according to the priorities of housing affordability,  
87 number of units, number of bedrooms, number of people served, cost-effectiveness, quality  
88 construction, and timely construction plans.

89 (2) The developer shall provide a plan for the rehabilitation or new construction  
90 of a property, including such details as a construction schedule and projected total rehabilitation  
91 or construction costs.

92 (3) The Mayor shall select the winning developer within 60 days of the closing of

93 the proposal period.

94 (4) (A) Upon selection, the Mayor shall transfer the property to the developer at  
95 no cost.

96 (B) No recordation tax or transactional fees shall be assessed to  
97 developers for the acquisition of properties under this section.

98 (e) A housing accommodation constructed pursuant to this section shall include an  
99 affordability covenant that requires a developer:

100 (1) To limit the housing burden of a buyer or renter of a tax-sale property, such  
101 that costs as mortgage principal, interest, insurance, property taxes, association fees, utilities, or  
102 rent payments, as applicable, shall be consistent with:

103 (A) For renters, the federal Low Income Housing Tax Credit program  
104 limits; and

105 (B) For buyers, the Housing Production Trust Fund subsidy program  
106 limits;

107 (2) Who rehabilitates the property as:

108 (A) A single family home to sell or rent the property to an individual  
109 whose annual household income is at or below 90% of the of the area median income (“AMI”),  
110 as defined in D.C. Code § 42-2801(1); or

111 (B) A multifamily housing accommodation, to sell or rent 75% of the  
112 total square footage of the private residential portions of the property to individuals whose  
113 annual household income is at or below 80% of the area median income, as defined in D.C.  
114 Code § 42-2801(1). The 75% of the total square footage of the private residential portions of the  
115 property sold or rented to low income individuals shall be apportioned according to the following

116 percentages of area median income, as defined in D.C. Code § 42-2801(1):

117 (i) 25% of the total square footage shall be designated for individuals  
118 whose household income is at or below 80% of the AMI;

119 (ii) 25% of the total square footage shall be designated for individuals  
120 whose household income is at or below 50% of the AMI ; and

121 (iii) 25% of the total square footage shall be designated for individuals  
122 whose household income is at or below 30% of the AMI;

123 (3) Maintain a multifamily housing accommodation affordable for a period of 40  
124 years, or a longer period selected by the developer; and

125 (4) To register all rental units in multifamily housing accommodations with 5 or  
126 more units as non-exempt under section 205 of the Rental Housing Act of 1985, effective July  
127 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3501.01 *et seq.*), after the affordability  
128 covenant has expired.

129 (f) The loan for rehabilitation or new construction shall be paid in full if the property is  
130 sold.

131 (g) If at any time the affordability covenant or any other contract with the Mayor  
132 concerning the property is breached:

133 (1) The entire amount of all loan amounts owed to the District shall become  
134 immediately due and payable in full;

135 (2) The developer shall pay the District 40% of the profits generated from the  
136 breach; and

137 (3) The developer shall become ineligible for any government financial assistance  
138 for a period not less than 5 years.

139 (h) A developer may file a complaint to foreclose the right of redemption of the property  
140 to which the certificate of sale corresponds at any time after the expiration of a 30-day waiting  
141 period following the date of the tax sale.

142 (i) The District of Columbia Bar Foundation shall award funding to non-profit  
143 organizations that deliver legal services to developers in the foreclosure of a tax sale property  
144 pursuant to this section, according to D.C. Code § 4-1702.01.

145 (j) The Mayor shall establish a fund to be administered by the District of Columbia  
146 Housing Finance Agency (“DCHFA”), to provide loans to developers for the purpose of  
147 rehabilitating or building new housing accommodations on properties acquired pursuant to this  
148 section.

149 (1) Subject to the amount of available funding, the agency shall provide a first  
150 trust, interest free loan assistance at maximum of \$175 per square foot for each property.

151 (2) To qualify for a loan under this subsection, the developer or the larger  
152 shareholder shall be:

153 (A) A District resident or headquartered in the District; and

154 (B) Current on District and federal taxes, or if not current, participating in  
155 a payment plan.

156 (3) If the developer rehabilitates the property as a single family housing  
157 accommodation for rent, the developer shall pay, on a monthly basis, 10% of the gross annual  
158 revenue of the property to the District for the loan, beginning at term of the tenancy.

159 (4) If the developer rehabilitates the property as a multifamily housing  
160 accommodation for rent, beginning 2 years after the property receives its Certificate of  
161 Occupancy, the developer shall pay, on a monthly basis, 10% of the gross annual revenue of the

162 property to the District for the loan.

163 (5) DCHFA shall submit to the Council the structure of the loan made available to  
164 developers pursuant to this section for a 15-day period of review, excluding Saturdays, Sundays,  
165 legal holidays, and days of Council recess. If the Council does not disapprove the loan, in whole  
166 or in part, by resolution within this 15-day review period, the loan shall be deemed approved.

167 (k) The Office of Zoning, the Department of Energy and the Environment, and the  
168 Department of Consumer and Regulatory Affairs shall provide their respective approvals for  
169 requests made for properties acquired under this section within 45 days of the date of a  
170 completed application.

171 (l) Properties purchased pursuant to this section shall be exempt from real property  
172 taxation effective from the date of the tax sale that the property was bid-off to the Mayor, until  
173 the date the property receives its Certificate of Occupancy.

174 (m) In the event of a conflict, this section shall supersede any other provision of Chapter  
175 13A of Title 47 of the District of Columbia Code.

176 Sec. 4. Rulemaking.

177 Within 180 days of the effective date of this act, the Mayor shall promulgate rules to  
178 implement this act.

179 Sec. 5. Fiscal impact statement.

180 The Council adopts the fiscal impact statement in the committee report as the fiscal  
181 impact statement required by section 4a of the General Legislative Procedures Act of 1975,  
182 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

183 Sec. 6. Effective date.

184 This act shall take effect following approval by the Mayor (or in the event of veto by the

185 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as  
186 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December  
187 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of  
188 Columbia Register.