

A RESOLUTION

20-776

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

December 16, 2014

To declare the existence of an emergency, due to congressional review, with respect to the need to limit the amount of a hardship petition conditional rent increase to 5% of the rent charged, require that a rent adjustment be repaid by a housing provider to a tenant within 21 days of a conditional increase being amended, and allow treble damages when a housing provider files a hardship petition in bad faith.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “Rent Control Hardship Petition Limitation Congressional Review Emergency Declaration Resolution of 2014”.

Sec. 2. (a) Approximately 79,000 housing units are subject to the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3500 *et seq.*) (“Act”), accounting for 66% of the rental housing stock in the District.

(b) For units subject to the Act, annual rent increases are limited to a maximum of 10% for most tenants and 5% for seniors and individuals with disabilities.

(c) However, under the hardship petition process, a housing provider can apply to the Rent Administrator at the Department of Housing and Community Development to raise rents by more than the standard increase in order to achieve a 12% rate of return on the housing provider’s investment in the building.

(d) The hardship petition requires the housing provider to submit a schedule of income and expenses, which the Rent Administrator can use to calculate a new rent based on the 12% rate of return.

(e) If a hardship petition isn’t decided within 90 days, the housing provider may automatically start collecting the rent for which the housing provider originally applied.

(f) Hardship petitions are rarely decided within the 90-day time period, and consequently conditional increases are frequently granted that result in rent increases of 50% to 100%.

(g) These rent increases place a significant burden on low-income renters, increasing the likelihood of displacement.

(h) In one example, tenants of a building in Ward 7 were charged a 34% increase and were threatened with eviction if they did not pay. Tenants were forced to file a lawsuit challenging the increase based on numerous housing code violations and the dispute was

prolonged for more than 4 years, during which time the higher rents were paid into a Court-mandated escrow account to the satisfaction of neither side.

(i) Although a conditional increase may be reversed, it is often too late for tenants who have been displaced by rent increases that housing providers were ultimately not authorized to charge.

(j) More than 88 hardship petitions were filed between 2007 and 2013, significantly raising the rent on thousands of residents as a result.

(k) Without swift action by the Council to counter opportunities for abuse, additional tenants could be priced out of their homes.

(l) On October 7, 2014, the Council passed the Rent Control Hardship Petition Limitation Emergency Amendment Act of 2014, to accomplish the purpose set forth above. The emergency legislation expires January 5, 2015. The associated temporary legislation, the Rent Control Hardship Petition Limitation Temporary Amendment Act of 2014, has not completed its 30-day congressional review period required by 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)).

(m) This congressional review emergency is necessary to prevent an anticipated gap in the law due to congressional recess.

Sec. 3. The Council of the District of Columbia determines that the circumstances enumerated in section 2 constitute emergency circumstances making it necessary that the Rent Control Hardship Petition Limitation Congressional Review Emergency Amendment Act of 2014 be adopted after a single reading.

Sec. 4. This resolution shall take effect immediately.