



District of Columbia Government
Advisory Neighborhood Commission 6A
Box 75115
Washington, DC 20013



October 31, 2005

Dr. Patrick J. Canavan, Director
Department of Consumer and Regulatory Affairs
941 North Capitol Street NE, Room 2200
Washington, DC 20002

Re: Basic Business License Requirements for Small-Scale Property Rental

Dear Dr. Canavan,

On October 13, 2005, Advisory Neighborhood Commission 6A voted to send a letter expressing concerns regarding new DCRA licensing requirements for small-scale property rentals such as rooms, basement apartments, and single-family houses.

It is our understanding from factsheets at <http://mblr.dc.gov> and calls to the (Basic Business License (BBL) Information Center that the new rules require owners to pay several fees and file paperwork with various parts of the DC government, in particular DCRA. Fees range from \$120-\$188 every two years, plus additional one-time fees if the property owner does not yet have a Certificate of Occupancy. After a review of the requirements, ANC 6A is providing these comments:

- 1) DCRA could simplify the application process with "one-stop shopping." The Business Resource Center could provide copies of all necessary forms and route the forms as necessary to the Office of Tax and Revenue, Housing Regulation Administration, and Building and Land Regulation Administration instead of sending the customers themselves. If the application needs additional paperwork, the file could be accepted as pending while the additional paperwork makes its way through the other offices.
- 2) The Basic Business License Fee component is higher for renting out a basement apartment (\$63) than for renting out an entire house (\$35). It is not clear why renting a portion of a house should trigger higher fees than renting an entire house. This is particularly true given that owners of single family rental units are required schedule a housing inspection with the Neighborhood Stabilization Office, which would seem to create additional costs to the District.
- 3) All applicants are required to register with the Housing Regulation Administration (HRA). HRA administers rent control, which does not apply until a property owner rents out more than four properties. In most cases, an owner of a single property will pay \$40 per unit every two years even though the rent control regulations would not apply to this property owner. If the interest is for HRA to have records of all rental properties, it would be more efficient for aggregated information from BBL applications to be provided to the HRA, rather than requiring each applicant to file a Rent Control Registration Form and pay a renewal fee every two years.
- 4) The required Rent Control Registration Form is not available on the DCRA website and HRA does not return phone messages to the number listed on the website and Tenant's Guide (442-4610), nor to the number (442-4477) provided through the DCRA main line.
- 5) The ANC has concerns about the requirement to inspect every One Family Rental Unit, regardless of its complaint status. DCRA seems to have trouble responding to units with complaints in a timely manner. This requirement seems likely to clog the inspection pipeline, and DCRA should focus on responding to units with complaints.
- 6) The Application Requirement Factsheet for "One Family Rental Unit" states that "Owners/lessors of owner-occupied residences with one rental unit are required to have a Home Occupation Permit as well as a Certificate of Occupancy Permit for the rental unit." This requirement seems redundant when the owner is also required to obtain a Basic Business License and a Certificate of Occupancy, either of which could trigger any required zoning review.

- 7) Some attention needs to be devoted to other rental arrangements and how this compliance effort relates to them. How is DCRA going to deal with the many in-law suites that effectively provide affordable housing with no complaints by the occupants, but do not have Certificates of Occupancy? The licensing requirements and associated fees may adversely affect affordable housing by creating disincentives for small-scale rental arrangements.

Overall, the new requirements seems like they will require too many trips and phone calls to too many DC government offices. Aside from revenue generation, the value added from the \$120-\$188 biannual fees is not readily apparent. Ironically, the fees associated with the new BBL requirements are 2-3 times more expensive and require more paperwork than the Master Business License fees that they replace.

It is our hope that these comments will be considered before a large-scale compliance effort begins. Thank you for your attention.

Respectfully yours,



Joseph Fengler
Chair, Advisory Neighborhood Commission 6A

cc: Councilmember Jim Graham, Chair of the Committee on Consumer and Regulatory Affairs
Councilmember Sharon Ambrose