

## New Rules Expand Exemption Eligibility for Vacant Property Owners

Thanks to a new law, it is now easier than ever for vacant property owners to take advantage of an important exemption that lowers their property taxes. Learn more below.

### What Is an Exemption?

Vacant properties may be eligible for a limited exemption from the Class 3 property tax rate (which is significantly higher than for occupied and/or exempted properties):

- Requires substantial documentation and evidence.
- Vacant status remains.
- Exemptions are reviewed annually to confirm eligibility.
- Once the exemption expires, higher tax rate applies.
- Can be withdrawn at any time and cannot exceed five years in any 12-year period.

**NOTE:** Properties classified at the more serious “blighted” level are ineligible for exemptions unless proof is provided of repairs that remove the blight.

### Exemption Types



#### Under Active Construction or Rehabilitation, Renovation, or Repair

##### Maximum half tax year exemption

- The District is reviewing and processing a building permit application, which the owner is actively obtaining in good faith to make the building fit for occupancy; or
- An approved building permit exists to make the building fit for occupancy.

##### Maximum three tax year exemption

- An approved building permit exists to make the building fit for occupancy.
- During the exemption period, the building is under active construction or rehabilitation, renovation, or repair under a valid active building permit.

# New Exemption Eligibility Rules for Vacant Property Owners, **Continued**



## Seeking to Sell or Rent

The time period from the initial listing, offer, or advertisement of rent or sale cannot exceed:

- Half a tax year (**previously one tax year**) for single-family residential buildings.
- Two tax years for commercial or mixed-use buildings.



## Probate Proceeding/Title Is Subject to Litigation

- Maximum three tax year exemption (does not include a foreclosure of the right of redemption action).
- The tax year is determined by the filing date of the probate proceeding or litigation.



## Substantial Undue Economic Hardship

- Maximum two tax year exemption from the required registration date.



## Awaiting Outside Approvals

An application is pending for required approvals from any of the following entities.

- Board of Zoning Adjustment
- DC Zoning Commission
- DC Commission of Fine Arts and Humanities
- Historic Preservation Review Board
- The Mayor's Agent for Historic Preservation
- DC Department of Public Works
- National Capitol Planning Commission

The approval period for the development cannot exceed two years.



## Questions?

- The exemption eligibility provisions were recently changed under the [Vacant to Vibrant Amendment Act, DC Law 26-41](#).
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