

4203 LAWFUL RENT UPON TERMINATION OF EXEMPTION

- 4203.1 For any rental unit previously exempt from the Rent Stabilization Program by § 205(a) of the Act (D.C. Official Code § 42-3502.05(a)) and § 4106 of this title, the initial rent that may be charged shall be determined in accordance with this section upon the occurrence of any event that causes that rental unit to lose its exempt status.
- 4203.2 A housing provider of a rental unit previously exempt from coverage of the Rent Stabilization Program shall file a Registration/Claim of Exemption Form in accordance with § 4101 within thirty (30) days of the event that causes the unit to lose its exemption. The Registration/Claim of Exemption Form shall state the rent lawfully determined in accordance with this section unless the applicable determination cannot be made because the unit is vacant. If the unit loses its exemption solely because of the termination of a tenant-specific rent subsidy, the housing provider shall file a properly completed Amended Registration Form as required by § 4106.11.
- 4203.3 The initial, lawful rent that shall be the basis for future rent adjustments for a rental unit previously exempt from the Rent Stabilization Program by §§ 205(a)(1) or (5) (D.C. Official Code §§ 42-3502.05(a)(1), (5)) and §§ 4106.9-4106.11 or 4108 of this title (the government subsidy exemption or the cooperative housing exemption) shall be no greater than:
- (a) If the unit is occupied when the exemption terminates, the sum of:
 - (1) The rent charged on the last date before the unit became exempt; plus
 - (2) Each annual adjustment of general applicability that was authorized during the period in which the unit was exempt; or
 - (b) If the unit is vacant when the exemption terminates, either:
 - (1) One hundred ten percent (110%) of the amount allowable under paragraph (a); or
 - (2) The rent charged for a specific, substantially identical rental unit in the same housing accommodation, but not greater than one hundred thirty percent (130%) of the amount allowable under paragraph (a).
- 4203.4 In making the determination required by § 4203.3, if neither the Rent Administrator nor the housing provider can produce a record or stamped copy of the original filing stating the rent charged on the date the rental unit became

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exempt, the lawful rent on the termination of the exemption shall be no greater than the lowest of:

- (a) The amount computed by § 4203.3(a), using the most recent rent charged that is on file with the Rent Administrator before the date the unit became exempt;
- (b) The Small Area Fair Market Rent published by the United States Department of Housing and Urban Development for the statistical area that includes the District of Columbia, based on unit size and zip code; or
- (c) The average rent during the last six (6) consecutive months in which the unit was leased to and occupied by a tenant and exempt from the Rent Stabilization Program.

4203.5 The initial, lawful rent that shall be the basis for future rent adjustments for a rental unit previously exempt from the Rent Stabilization Program by § 205(a)(3) of the Act (D.C. Official Code § 42-3502.05(a)(3)) and § 4107 of this title (the small landlord exemption) shall be no greater than one hundred five percent (105%) of the average rent during the last six (6) consecutive months in which the unit was leased to and occupied by a tenant and exempt from the Rent Stabilization Program.

4203.6 For a rental unit covered by §§ 4203.3, 4203.4, or 4203.5, if the rent charged after the termination of the exemption will be greater than the last rent prior to the termination of the exemption or than the average rent during the last six (6) consecutive months in which the unit was leased to and occupied by a tenant and exempt from the Rent Stabilization Program, the housing provider shall file a Certificate of Rent Adjustment in accordance with § 4204.10 at the same time the housing provider registers the unit in accordance with § 4101 and shall implement the rent adjustment in accordance with § 4205.

4203.7 A rental unit that would be exempt from the Rent Stabilization Program pursuant to § 205(a)(2) of the Act (D.C. Official Code § 42-3502.05(a)(2)) and § 4106.12 of this title (the new construction exemption), but is not exempt because it was constructed in place of a demolished housing accommodation that consisted of a number of rental units equal to or greater than the new construction and that was covered by the Rent Stabilization Program shall be considered a newly established rental unit in accordance with § 4201.3.

4203.8 The initial, lawful rent that shall be the basis for future rent adjustments for a rental unit for which the rent was previously regulated by a multi-family assistance program of the Department of Housing and Community Development and exempt from the Rent Stabilization Program pursuant to § 205(a)(7) of the Act (D.C. Official Code § 42-3502.05(a)(7)) and § 4106.16 of this title, upon the

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termination of the assistance program shall be no greater than the last lawful amount of rent pursuant to the assistance program.

SOURCE: Notice of Final Rulemaking published at 33 DCR 1336, 1385-1386 (March 7, 1986); as amended by Notice of Final Rulemaking published at 33 DCR 2656, 2664 (May 2, 1986); as amended by Final Rulemaking published at 68 DCR 012634 (December 3, 2021).