



## Overview:

### Expanded Tax Exemption for Vacant Properties

- A new law has changed how vacant property is handled in the District.
- Reduces the higher Class 3 vacant property tax rate to a graduated scale, at \$2 for each \$100 of assessed value for the first year, \$3 for the second year, \$4 for the third year, and \$5 for each subsequent year.
- In effect since October 1, 2025.
- Law: Vacant to Vibrant Amendment Act (DC Law 26-41).

### What the Exemption Means

- Exempt properties do not have to pay the higher vacant property tax rate for a period of time.
- Requires documentation and evidence; reviewed annually.
- Can be withdrawn at any time
- Vacant properties cannot be exempt for more than 5 years in any 12-year period.
- Higher tax rate resumes once exemption expires.
- “Blighted” properties are ineligible unless repairs remove the blight.

### Important Transition Rule (Before vs. After 10/1/2025)

For vacancy periods that include time before 10/1/2025:

- The old rule still applies — no more than 3 years of exemption under the same ownership.
- Any exemptions granted before 10/1/2025 count toward the new total.

### Example:

- If a property already received 3 years of exemption before 10/1/2025, it may qualify for up to 2 additional years after 10/1/2025.
- But no property can receive 5 full years under the same ownership prior to 10/1/2025.

### Also important:

You cannot “stack” old and new listing exemptions.  
If a single-family home already received a listing exemption under the old rule, it cannot receive additional listing exemption time in FY26.

## Exemption Categories & Time Limits

### Seeking to Sell or Rent

#### Time from initial listing cannot exceed:

- **Half a tax year** (reduced from 1 year) for single-family homes.
- **2 tax years** for commercial or mixed-use properties.

### Under Active Construction / Renovation

- **Half tax year:** building permit under review or actively sought in good faith.
- **Up to 3 tax years:** approved building permit; property under active construction/rehab.

### Probate or Title Litigation

- Up to 3 tax years based on filing date.
- Excludes foreclosure of right of redemption actions.

### Substantial Undue Economic Hardship

- **Up to 2 tax years** from required registration date.

### Awaiting Outside Approvals

#### Applies if approvals are pending from agencies such as:

- Pending approvals from zoning, historic preservation, DPW, or planning agencies.
- Maximum period: 2 years.

## What REALTORS® Should Do

If a home is vacant and for sale:

- Assume “vacant” is the correct legal status if no one is living there.
- Immediately contact DOB if the property is identified as vacant.
- Help the owner apply for any eligible exemption.
- Do NOT assume a “For Sale” sign automatically qualifies the property for exemption.

DOB staff will try to qualify a property for exemptions — but they cannot do so without owner cooperation and documentation.

Questions?

If you have any questions, please contact the Department of Buildings at:

- [dob.dc.gov/vacantbuildings](https://dob.dc.gov/vacantbuildings)
- [vacantbuildings@dc.gov](mailto:vacantbuildings@dc.gov)
- (202) 671-3500