

New Rules Expand Exemption Eligibility for Vacant Property Owners*

***Effective on or after October 1, 2025**

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- Can be withdrawn at any time and cannot exceed five years in any 12-year period.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](#). **These changes are not retroactive; they apply on or after October 1, 2025.**
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