
GOVERNMENT OF THE DISTRICT OF COLUMBIA



DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

TESTIMONY OF
ROBERT L. TRENT
INTERIM DIRECTOR

**SPENDING AND PERFORMANCE OVERSIGHT HEARING FOR THE
FISCAL YEARS 2010 AND 2011 BUDGETS OF THE DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT**

Committee on Housing and Workforce Development
The Honorable Michael A. Brown, Chairman
Council of the District of Columbia

Wednesday, February 23, 2011

Room 412, John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Good morning Chairman Brown and members of the Committee on Housing and Workforce Development. I am Robert L. Trent, Interim Director of the Department of Housing and Community Development (DHCD) and I am here to testify on the Department's performance in Fiscal Year (FY) 2010 and goals for FY 2011. Accompanying me today is Andree Chan-Mann, Agency Fiscal Officer, and Christopher Earley, Acting Chief Operating Officer.

I. ORGANIZATION/PROGRAMS

DHCD's mission is to create and preserve affordable housing opportunities for low and moderate income residents and to revitalize underserved communities in the District of Columbia.

DHCD focuses on three strategic objectives: (1) preserving and increasing the supply of quality affordable housing; (2) increasing homeownership opportunities; and (3) revitalizing neighborhoods by promoting community development and providing economic opportunities. To help meet the housing needs of the city's low- to moderate-income residents, DHCD operates loan and grant programs for individuals, developers, and community groups. DHCD also acquires and disposes of vacant and abandoned property, ensures the preservation and maintenance of affordable rental housing, and administers the Rental Housing Act of 1985, as amended, and other District housing regulatory programs, such as the Tenant Opportunity to Purchase Act (TOPA) and Inclusionary Zoning.

In FY 2010, DHCD had a total of 155 approved Full-Time Equivalent (FTE) positions. The Department has a total of 148 FTE's for FY 2011, and of these positions, 135 are currently filled.

All together in FY 2010, the Department expended \$136 million.

DHCD enhanced the production of quality affordable housing in FY 2010 by producing or preserving 2,505 units, representing a 57% increase over FY 2009. This includes funding for special needs housing, homeownership units, rehabilitated units, and other programs.

Further, DHCD acquired 49 vacant or abandoned properties, and we have plans to acquire 68 properties in FY 2011. DHCD also continued to stabilize communities by funding more than 3,500 instances of technical assistance for small businesses and completing construction on storefront façade improvement for 73 small businesses, representing a 128% increase over FY 2009.

II. SUCCESSES

DHCD had many successes in FY 2010.

a. Development Finance

The Development Finance Division aggressively closed 41 projects, up from 24 projects in FY 2009, representing a total of 1,374 units. Sample projects include Park Vista in Ward 8, which preserves 82 units of affordable housing. Two unique projects in Ward 5 are Brookland Artspace, which will provide 39 units of affordable live/work housing for artists and their families; and the Dunbar, which provides 19 units of affordable housing for chronically homeless and mentally ill women. In addition, DHCD funded the Barbara Chambers Children's Center, a comprehensive day care and early childhood education services center in Ward 1.

We also implemented a specialized tenant purchase pool, which we stated as a goal in last year's Oversight Testimony. We developed this strategy as a way to respond to the urgent need for construction financing on tenant purchase projects. The pool allows DHCD to leverage investments already made into tenant purchases for the preservation of affordable housing by working with supporting financial institutions. For example, we closed on phase one of the E&G Cooperative Pool, which preserves the long-term

affordability of 134 units in five projects in Wards 1, 6 and 7. It is expected that this project will also create 265 construction-related jobs.

b. Residential and Community Services

There are several successes to report from our Residential and Community Services Division. DHCD assisted 362 first-time homebuyers through our *Home Purchase Assistance Program* (HPAP). In order to increase our ability to assist first-time homebuyers, we expanded our homebuyer assistance offerings and now have five programs. They are anchored by the *HPAP* program, which provides up to \$44,000 in down payment and closing cost assistance. Second, we fund the *Employer Assisted Housing Program*, which provides up to \$11,500 to DC Government Employees who are first-time homebuyers in the District. Third, the *Negotiated Employee Affordable Home Purchase Program* provides up to \$26,500 to eligible union employees. The fourth program, the *Home Purchase Rehabilitation Pilot Program*, allows HPAP buyers to purchase homes that require limited repairs. Lastly, we have a temporary *HPAP Enhancement* program that increases the assistance levels up to \$77,000 if buyers purchase in three targeted areas: Deanwood in Ward 7, Ivy City/Trinidad in Ward 5, and Historic Anacostia in Ward 8. This enhancement is funded through stimulus funds from the second round of HUD's Neighborhood Stabilization Program.

We also continue to be successful in our implementation of grants awarded by the U.S. Department of Housing and Urban Development (HUD) for lead abatement. For the sixth straight quarter, DHCD received a "green" rating, the highest available, from HUD for completing the benchmarks required for each quarter.

Lastly, we restructured our storefront façade improvement program so that it now operates under two phases – predevelopment and construction. This change has led to

more efficient program operation and faster completion of projects. We completed 73 façade storefronts in FY 2010, up from 32 in FY 2009.

c. Property Acquisition and Disposition

The third area I'd like to showcase today is our Property Acquisition and Disposition Division. PADD's main goal is the elimination of slum and blight in District neighborhoods. We've utilized several innovative methods over the past two years to accomplish that goal. In FY 2009, we began using the auction process as a method of disposing of properties, and we held a second auction in FY 2010. Combined, 47 properties were auctioned, and we anticipate that revenue from the auctions will exceed \$6.7 million. Moreover, PADD used several vacant properties in innovative and out-of-the box ways. One example is our partnership with DC Habitat for Humanity, Parsons The New School for Design, Milano The New School for Management and Urban Policy, and Stevens Institute for Technology on a project to build a solar-powered, two-family house in Ward 7. The project will first be completed as one stand-alone home that will be exhibited in the 2011 Solar Decathlon. That home will then be moved to a location in Deanwood, where it will be joined to the second home. Furthermore, this past fall, PADD donated a vacant lot in Ward 4 to the DC Students Construction Trade Foundation for the Academy of Construction and Design at Cardozo High School. Students in the academy will construct a 2,000 square foot home on this site, which will be sold at an anticipated market rate value of \$400,000. Sale proceeds will be reinvested into the program so more students can take advantage of this valuable on-site vocational training, which prepares them for construction jobs made available by DHCD and other entities.

d. Housing Regulation Administration

There are many successes in our Housing Regulation Administration (HRA), which oversees rental housing and related matters. DHCD operates the Housing Resource

Center, which serves as a one-stop shop for information on DHCD programs and other housing resources. Since opening in July of 2009, the center has served more than 10,000 people. The center also has an active Housing Provider Ombudsman, who serves as a resource for landlords. In addition, we are still seeing strong results for our housing locator, DCHousingSearch.org, which is a service that links people to housing that best fits their needs. This service, which can also be accessed through the Housing Resource Center, currently has 1,000 available units online. More than 290,000 searches are completed annually, and nearly 40% of landlords report that tenants found their listing through DCHousingSearch.org.

HRA's Rental Conversion and Sale Division continues its efforts to monitor tenant rights under the Rental Housing Conversion and Sale Act of 1980, as amended (also known as TOPA) and enforce the Condominium Act of 1976 Technical and Clarifying Amendment Act, as amended, better known as the Condominium Act. In FY 2010, DHCD referred 6 cases for civil enforcement, and two of the developers have already complied with the law as a result.

The Rental Accommodations Division within HRA, which oversees rent control, has made several efforts to improve operations. We now have procedures in place to ensure that we are able to process all Hardship Petitions in 90 days and Voluntary Agreement Petitions within 45 days. These improvements resulted in the processing of 267 total petitions from tenants and housing providers. Further, the Division processed more than 4,700 notices to vacate in calendar year 2010.

We continue our efforts to implement the District's Inclusionary Zoning (IZ) Program, which mandates the creation of affordable housing in many of the new and expanding developments. IZ enables the District to create more mixed income neighborhoods and

increase homeownership and rental opportunities for all District residents. We expect the first IZ units to be available this Fiscal Year. We are pleased to report that the online lottery registration site for IZ will go live in the coming weeks. This site will allow stakeholders interested in the inclusionary zoning lottery to register online.

I'm also pleased to report that the Rental Housing Commission is operational. We worked with Lexis-Nexis to ensure that the Commission's cases are available online, and those cases will be available in the next month. Including these cases in Lexis-Nexis, at no cost to the District, underscores the city's commitment to openness and transparency.

e. Foreclosure Prevention

Next, I'd like to quickly highlight our foreclosure prevention efforts. We have a strong partnership with several District Government and nonprofit entities to assist in developing a comprehensive effort to address the increasing rate of foreclosure in the District. For the past two years, DHCD hosted the Annual Housing Expo and Foreclosure Clinic, providing residents with information and resources about foreclosure prevention, homeownership, financial literacy, credit counseling, neighborhood revitalization and other matters surrounding housing. More than 2,000 residents attended these events over the past two years. We are currently preparing for the 3rd Annual DC Housing Expo and Foreclosure Clinic, which will provide beneficial information and resources for District residents. The Expo will be held at the Washington Convention Center on Saturday, June 4 from 10 am – 3 pm. We hope you will help us spread the word about this event to your constituents.

In addition, our network of community based organizations continues to provide free foreclosure prevention counseling to District residents. These organizations have HUD-certified housing counselors who are trained to assist residents in this situation, and we

have had success in preventing foreclosure and keeping residents in their home. We focus these efforts in Wards 5, 7 and 8 – the wards with the highest level of foreclosures. Our CBO’s assisted 882 residents with foreclosure prevention counseling, and of those assisted, we were able to help 502 save their homes, a “save rate” of 57%. For more information, please visit our website at dhcd.dc.gov, where we have a listing of foreclosure prevention and counseling resources.

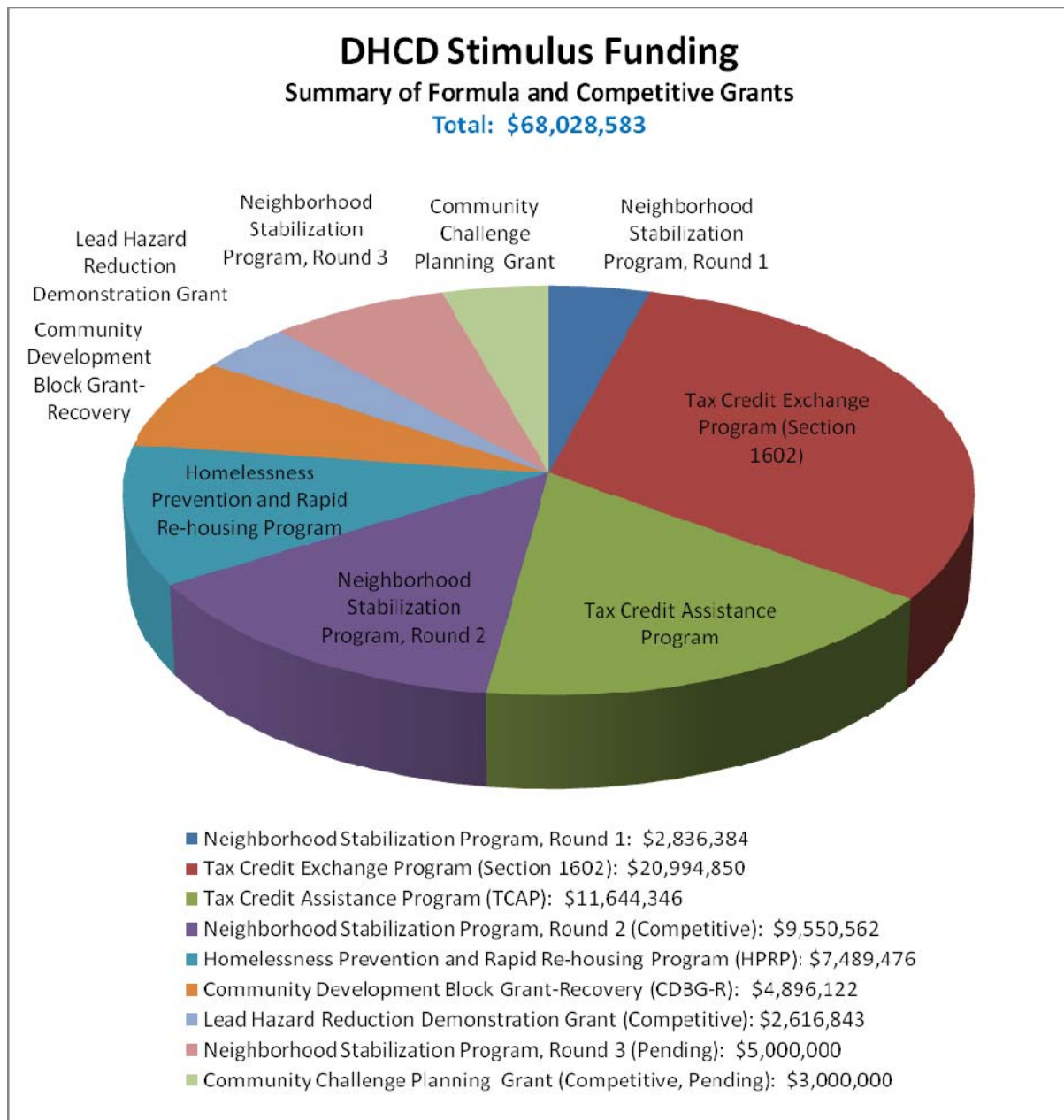
e. Education Series and Outreach

I want to briefly mention some of our outreach efforts. We have implemented the DHCD Education Series, which provides information to stakeholders on DHCD’s programs, particularly those relating to residential and community services, housing provider matters and tenant concerns. We’ve found that these training sessions are extremely valuable to ensuring that the community is informed about DHCD programs and services.

g. Stimulus and Additional Funding

The last accomplishment I’d like to outline relates to our use of stimulus and additional funding. Over the past three years, DHCD has been awarded with an infusion of \$68 million to support critical programs (see chart below). This funding has been vital in allowing the Department to continue to meet its goal of preserving and creating affordable housing in the District. In FY 2010, DHCD closed six projects, yielding 369 units. Without these funds, we would not have been able to support these projects. In addition, six community-based organizations were funded to support small business development. We provided 325 instances of technical assistance to more than 200 small

businesses throughout the city. We've provided a chart in our testimony that details the amount awarded under each stimulus program.



III. 2011 GOALS

We will continue moving the agency forward in FY 2011, and I will quickly highlight four of our goals.

a. Job Creation

First, one of our primary goals is to strengthen our efforts in job creation. DHCD works closely with our sister agencies as we implement the goals of the administration. We have partnered with the Department of Employment Services on the Project Empowerment program since 2000. During that time, we have accepted around 35 Project Empowerment graduates. Further, 13 of those graduates were hired as permanent employees, and 6 of those employees are still at DHCD. We also partner with DOES for implementation of the Section 3 program, which requires contractors that receive federal funding to provide jobs and other economic opportunities to low- and very low-income persons. We will continue these and other efforts to ensure that we are doing our part to help create employment opportunities for District residents.

b. Ivy City

Second, DHCD is in the midst of a major demonstration project in the Ivy City neighborhood, which is located in Ward 5. The project will result in the creation and rehabilitation of 58 units of single family and condominium housing. Of those, 52 units will be affordable for low and moderate income households, and 6 units will be market rate. Eight units are complete and are available for sale through Mi Casa Inc. DHCD anticipates that the entire project, which has the potential to double the homeownership rate in Ivy City, will be complete in spring 2012.

c. Historic Anacostia

Third, DHCD is also working to revitalize Historic Anacostia in Ward 8, and we have several redevelopment activities underway. We have purchased several properties along Good Hope Road and Martin Luther King, Jr. Avenue, SE, and we are working with the community to determine possible uses for these sites. At one such property, located at the corner of Good Hope and MLK, we partnered with the DC Commission on the Arts

and Humanities to install a mural, which is the District's first "green" public art project. DHCD was also awarded \$3 million under the Community Challenge Planning Grant, which we will use to leverage major city and Federal investments in this area. We plan to use NSP3 stimulus funds in this area as well. These revitalization efforts have a special interest for us, as our offices are located in the heart of Historic Anacostia.

d. Urban Institute Study

Lastly, the Urban Institute will shortly conclude a report that will provide a comprehensive view of rental housing in the District, including the number of rental units and how many of those units are subject to rent control. This study, combined with our efforts to implement a case management system, will allow us to better manage our rental housing and condominium conversion and sale matters. Moreover, the information will allow the Department to evaluate our rent control and rent regulation policies, determine areas for improvement, and enhance administrative efficiency, responsiveness and cohesion.

IV. CONCLUSION

In conclusion, DHCD works diligently to meet its mission of creating and preserving opportunities for affordable housing and economic development, and to revitalize underserved communities in the District of Columbia. We are committed to fulfilling this mission and ensuring that we are aligned with the priorities set by the Administration. We will continue to work with all our internal and external stakeholders to advance our mission.

Chairman Brown, this concludes my testimony. My staff and I are available to answer questions. Thank you.