

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**



Public Roundtable on the
Single-Family Residential Rehabilitation Program

Testimony of
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Before the
Committee on Housing and Neighborhood Revitalization
The Honorable Anita Bonds, Chairperson

John A. Wilson Building
Room 500
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

October 4, 2019
10:30 a.m.



Good morning, Chairperson Bonds and members of the Committee on Housing and Neighborhood Revitalization. I am Polly Donaldson, Director of the Department of Housing and Community Development (DHCD). I am pleased to appear before you to provide remarks on behalf of DHCD and Mayor Bowser regarding the Single-Family Residential Rehabilitation Program. Before beginning my remarks, I would like to thank the public witnesses who took time out of their day to be here and provide valuable feedback on this important program. The feedback we receive from our many stakeholders is invaluable in helping our agency to continually improve the services we are providing to the residents of the District of Columbia.

The mission of DHCD is to produce and preserve opportunities for affordable housing and economic development and revitalize underserved communities in the District of Columbia. The Single-Family Residential Rehabilitation Program contributes to our ability to meet all of these objectives. The program offers financing (grants and loans) to low-income homeowners for critical home repairs and mobility assistance carried out by licensed contractors, with a preference for small, minority District businesses. The program currently has four components: a roof replacement grant, a handicap accessibility improvement grant, a lead paint hazard removal grant, and a rehabilitation loan. The loans carry zero interest, with most loans deferred for 20 years or until the house is sold.

Though most of our applicants are seniors, this is not a requirement of the program. To qualify, residents must own their single-family home and live in it as their primary residence for at least three years, be current on all DC and Federal taxes, be current on their mortgage for at least the last 12 months, maintain homeowner's insurance, and meet household income requirements. While the intention of the program is to assist low-income District homeowners who are unable to finance the

necessary repairs on their own or using private credit, I will note here, because it has been a concern in the past, applicants are no longer required to submit a “denial letter” from a bank to be eligible.

The Single-Family Residential Rehabilitation Program is a modest, but by many measures successful, program that assists dozens of eligible households each year. In Fiscal Year 2017 we repaired 24 homes, in Fiscal Year 2018 we completed work in 33 homes, and in Fiscal Year 2019 we completed 21 homes. We currently have seven houses under construction and 33 additional projects in a new procurement process that are set to be completed in the first half of Fiscal Year 2020. That’s a total of 118 homes in the past three years that, because of the Single-Family Residential Rehabilitation Program, are or will soon be safer and have improved accessibility for the residents.

I would like to take a moment to talk about the people behind the numbers, some of the many homeowners that we have assisted over the past three years.

1. An 85-year-old resident in Ward 4 had a standard bathtub but struggled to get in and out of the tub due to medical issues. We renovated her bathroom and installed a walk-in shower. She no longer has to decide whether or not to bathe based on her pain level. Everyday things, like the ability to safely and easily take a shower, are what help seniors age in place.

2. A Ward 8 senior who had custody of two young children with elevated lead levels in their blood was removed from her home because the Department of Energy and Environment (DOEE) determined that the risk from lead-based-paint exposure was too high for the family to live in. DHCD eliminated the lead-based-paint hazards and provided a safe environment for the children to be returned to the home.

3. Because her home could not accommodate her mobility needs, a 78-year-old Ward 6 resident was living in her living room. Through extensive renovations funded by a grant and a rehab loan, DHCD fixed her house to provide access to the master bedroom and bathroom upstairs. The homeowner now lives comfortably in her own bedroom and can access the bathroom and new roll-in shower for her wheelchair.

4. A young mother living in Ward 4 needed extensive roof and rehab work to address deterioration of bedroom, bathroom, and kitchen walls and ceilings due to water infiltration. Additionally, the home had no rear egress because the back steps had deteriorated so significantly. Through a rehab loan, we were able to address these hazards to provide safe living conditions for this family of six.

5. Through a rehab loan given to a 90-year-old, Ward 7, very-low-income homeowner, we replaced the exterior façade of this resident's house, which saved it from condemnation and the homeowner from displacement.

What also is clear from these stories is that the Single-Family Residential Rehabilitation Program is not a cookie-cutter program. Each project is unique, as is each homeowner. Many of our applicants needed repair assistance years before applying to our program, so what may have only required a small roof patch or replacement has now caused significant damage to ceilings, walls, and sometimes even the structure itself. Our program addresses it all.

Additionally, while clients often come to us to make a single repair or improvement, the program completes a comprehensive review to ensure the home is safe. As you can also likely imagine, clients often seek repairs that fall outside the scope of the most critical health and safety issues that the Single-Family Residential Rehabilitation Program can reasonably provide. Navigating these challenges,

often with older home owners, can require a personal touch and time-consuming hands-on case management.

With that in mind, I will now turn to the administration of the program. All Single-Family Residential Rehabilitation Program applicants submit their applications through one of the Community-Based Organizations (CBOs) that we fund. CBOs are important partners in this process. In addition to application intake and initial counseling, the CBOs support the Single-Family Residential Rehabilitation Program applicant throughout the process. Whenever program staff send written communication to a resident, they copy the CBO counselor, and when issues with the application arise, program staff often contact the CBO counselor to assist.

When DHCD receives an application from a CBO, it then goes through a series of internal reviews, including Office of Tax and Revenue approval, and program underwriting and eligibility determination. After eligibility determination, program staff visit the property to create a scope of work, which, as discussed above, can be a time-consuming process.

Once the program and the resident agree on the scope of work, it is sent to the Office of Contracting and Procurement for a competitive contractor selection. After contractor selection, DHCD conducts a final internal compliance review of the project to make sure the program complies with the specific rules for the source of funding (historically federal Community Development Block Grant funds and the Housing Production Trust Fund support the program) and the other requirements of the District and federal government.

After this step, DHCD program staff prepare loan and grant documents. Residents scheduled to receive a loan must then go to their CBO to review the loan documents. This third-party review ensures that the residents understand the documentation in advance of execution. Settlement is then scheduled

to execute the documents and determine the construction start date. Once construction begins, program staff regularly visit the site to ensure that the work is being conducted and completed according to the scope of work.

Thus, not only are the projects and the situations of the residents we serve complicated, so is the process that assures we are making homes safer while complying with all the relevant rules and laws. Despite this, word is spreading about the good work that we do, and our application numbers continue to rise. In 2017 we received 57 applications. In 2018 we received 99 applications, and so far in 2019 we have received 132 applications.

Here, I want to stop and recognize that this means the demand for our program is increasing faster than we are currently completing projects. We are aware of this and are working to improve the efficiency and effectiveness of our program to match the growing demand.

I have provided the Single-Family Residential Rehabilitation Program manager with three immediate, overarching goals: 1) improve the client experience; 2) reduce the lead time before a project starts; and 3) improve overall project timeline. I would like to outline just a few examples of the many changes we have made in the program to achieve these goals. In some cases, these reforms have already proven successful, and in other cases we are still learning what their impact will be.

To improve the client experience, the program has increased collaboration with other agencies, referring eligible residents to programs such as DOEE's weatherization program, the Department of Aging and Community Living (DACL)'s Safe at Home Program, and the Department of Health Care Finance (DHCF)'s Elder and Persons with Physical Disabilities Program (EPD Waiver Program). We also put an emphasis on decreasing the amount of time for applicants to be notified if they have been accepted for further processing and removed the requirement for applicants to first apply to a private

bank for funding. Finally, we are working with the Office of Contracting and Procurement to establish a more standardized procurement process that provides a trusted method to hold contractors accountable to District standards during the work and when the project is completed.

To reduce the time before a project starts, the program has had to first prioritize older, legacy cases (though in the short run this means some new cases are waiting longer). The program also revised how scopes of work are completed to better adhere to program guidelines and are less likely to need substantial revision later. This process has been used to revisit projects that had lapsed due to difficulties with determining the scope. Finally, the program has streamlined internal review, reducing the compliance review timeline from two to three months to two to three weeks and the funds-commitment timeline from one to three months to one week.

Today our projects are being completed twice as fast on average than they were three years ago. We have also filled staff vacancies, which allows us to provide the necessary hands-on case management and leadership to improve the resident experience and bring the eligible projects that come to us to a successful conclusion.

Residents will continue to see marked changes over the next year that we expect to result in further quantifiable evidence of the program's success. We are working on program improvements that will serve more residents each year and decrease the timeline per project. As mentioned above, the program currently has 40 projects in procurement, making us well positioned to far exceed our production numbers from the last three years in Fiscal Year 2020. DHCD and the Single-Family Residential Rehabilitation Program are committed to serving low-income residents by preserving existing housing stock and helping seniors age in place

We are committed to ensuring that the quality of the program's work continues to improve and the timeframes for project commencement and completion shrink. Nonetheless, when we are talking about critical repairs to someone's home where they often have strong preferences about what work should be done and how, it is difficult to achieve complete satisfaction in all instances. As I have learned over the past five years in our efforts to improve and reinvent the program, complaints about the speed with which projects are completed and the work the program does are inherently bound together, often in contradictory ways, which makes addressing both to the satisfaction of all our clients difficult. Our efforts to expedite the program timeline, for example through a more standardized procurement process, ran into complaints about a lack of choice and a sense of being rushed. Yet allowing homeowners greater freedom to make choices was resulting in drawn out decision making and difficult oversight. Sometimes, as a result, work quality, program compliance, and project timelines suffered even as other households waited their turn to be served. We will always need to balance these concerns.

Finally, I want to emphasize that while this is a relatively small program, targeting some of our most vulnerable homeowners, there is also assistance beyond this program for our residents to become homeowners and to be able to maintain and remain in the homes they own. Currently, the District of Columbia has over 40 tax incentives and other programs, across numerous agencies, to assist homeowners and those who want to become homeowners. I, DHCD, and Mayor Bowser are very aware of this need and are working across the District government to better coordinate, publicize, and deliver these services to District residents every day. I encourage those listening to this testimony to explore our webpage at dhcd.dc.gov, visit our Housing Resource Center on Martin Luther King Jr. Avenue S.E. or any of our community-based housing counseling organizations to receive the help you need.

This concludes my remarks on DHCD's administration of the Single-Family Residential Rehabilitation Program. I appreciate the opportunity to testify before you today, and I hope my remarks have helped to shed light on the successes and challenges the agency faces. I am available to answer any questions you may have at this time.