



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



Office of the Director

February 17, 2015

The Honorable Anita Bonds
Chairman, Committee on Housing and Community Development
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

**SUBJECT: DHCD Responses to Questions in Advance of the Performance Oversight
Public Hearing on Fiscal Years 2014/2015**

Dear Chairman Bonds:

The Department of Housing and Community Development (“DHCD” or the “Department”) has received questions in preparation for the Annual Performance Oversight Public Hearing on the Department’s FY 2014 and 2015, scheduled for Thursday, February 26, 2014. As requested by letter, dated February 4, 2015, we have attached the pre-hearing questions and the Department’s responses. We will provide this letter electronically, with enclosures; and enclosed are four (4) hard-copy binders are forwarded, as requested.

Respectfully,

Polly Donaldson
Acting Director
Department of Housing and Community Development

DHCD Questions for Performance Oversight Hearing on Fiscal Year 2015

RESPONSES

I. Agency Operations and Personnel-

1. Please provide a complete, up-to-date organizational chart for each division within the agency including, either attached or separately, an explanation of the roles and responsibilities for each division and subdivision. -
 - a. Please include a list of the employees (name and title) for each subdivision and the number of vacant positions;
Response: Please see Attachment 1a. The organization chart includes the names and titles for each subdivision and identifies vacant positions.
 - b. Please provide a narrative explanation of any organizational changes made during the previous year;-
Response: Please see Attachment (1b) and (c).
 - c. Please describe the major functions and responsibilities of each division and subdivision of the agency.-
Response: Please see Attachment (1b) and (1c).

2. Please provide a complete, up-to-date position listing, in Excel spreadsheet format, for the agency, by program and activity, which includes the following information:
 - a. Title of position;
 - b. Name of employee or status of position;
 - c. Date employee began in position;
 - d. Salary and fringe, including the specific grade, series, and step of position; and
 - e. Job status (continuing/term/temporary/contract)
Response: Please see Attachment #2

3. Please explain when and by whom was the most recent staff evaluation conducted?

Response:

DHCD employees (excluding OCFO and Office of Attorney General) were evaluated in FY 14 by their appropriate supervisor. Evaluations were then routed to Division Heads and relevant reporting Senior Staff. As a matter of course, the performance evaluation period for all covered employees begins at the start of each fiscal year (October 1st) to the end of the fiscal year (September 30th). Supervisors, agency head, or agency head designee are responsible for reviewing and approving the annual performance evaluation completed by a rating official. An overall performance rating is a culmination of the ratings assigned to each

performance expectation. The overall performance rating indicates the level of an employee's actual performance of assigned competencies and S.M.A.R.T Goals during the performance management period.

4. Please provide the number of FY15 full-time equivalents (FTEs) for the agency, broken down by program and activity.
 - a. Please provide the number of vacancies at the close of FY14, by program and activity, and current vacancy information.
 - b. For each vacant position, please note how long the position has been vacant and whether or not the position has since been filled.
 - c. How many vacancies within the agency were posted during FY14 and FY15 to date? How many were filled during FY14 and FY15 to date?

Response: Please see Attachment #4

5. Please provide the salary for the top 15 earners in the administrative staff and the top 15 earners in the managerial staff. Managerial staff members are those who direct or supervise another employee or a significant component of a project.

Response: Please see Attachment 5 and 5 part 2.

6. Please provide the average salary for administrative and managerial staff.

Response:

The average salary for Administrative staff for DHCD is \$84,646.51. The average salary for Managerial Staff is \$117,842.38.

7. Please provide a list of the top 25 overtime earners.

Response:

Please see Attachment 7.

8. What is the total number and percentage of employees that are District residents within the agency? Please describe the methods used by the agency to increase the hiring of District residents.

Response:

DHCD has 80 employees that are District residents. Out of 138 active FTE's for the agency, this equates to 58% of our agency are District residents. DHCD, in accordance with DCHR guidelines, provides 10 preference points during Rating and Ranking of all District residents claiming residency. This provides an advantage to all district residents in the hiring process and we strongly encourage district residents to apply and highlight residency preference in our recruitment efforts.

9. Please list all employees detailed to or from the agency, if any. Please provide the reason for the detail, the date of detail, and the projected date of return.

Response:

DHCD has no staff detailed to or from the agency.

10. Please provide the Committee with:

- a. A list of all employees who receive cell phones, personal digital assistants, iPads, or similar communications devices at agency expense;

Response: DHCD has not issued Ipads. We issue cell phones for business use.

Please see Attachment 10A

- b. A list of all vehicles owned, leased, or otherwise used by the agency and to whom the vehicle is assigned;

Response:

Please see Attachment 10B.

- c. A list of employee bonuses or special award pay in FY14 and FY15 to date;

Response:

No Bonus or special award pay was issued in FY 14 or to date in FY 15.

- d. A list of travel expenses, arranged by employee;

Response:

Please see Attachment 10D FY 14 DHCD Travel Report and Attachment 10D FY15 DHCD Travel Report.

- e. A list of the total overtime and workman's compensation payments paid in FY14 and FY15 to date.

Response:

- **Please see Attachment 10EFY14 for overtime for FY 14**
- **Please see Attachment 10EFY15 for overtime for FY 15**
- **Please see Attachment 10E –Workman's Comp Report FY 14 to date**
- **Please see Attachment 10E –Workman's Comp Report FY 15 to date**

11. Please describe the agency's performance measurement activities, including:

- a. A list of performance measures used by the agency;
- b. The procedures used to review and act on results;
- c. All staff and resources dedicated to performance measurement;
- d. The goals and actual results for those performance measures in FY14 and an explanation of any variance between goals and results.

Response:

- A list of the DHCD's performance measures can be found in the Performance Accountability Report (PAR) provided by the Office of the City Administrator (OCA) to the Council
- DHCD has improved its Key Performance Indicators (KPI) to ensure that DHCD meets the needs of the District and its stakeholders. KPIs are used to track measurable workload statistics to produce a comprehensive and quantitative view of the agency's performance.
- DHCD Management Team is responsible for reviewing and acting on the results of the KPI's and ensuring that the agency meets goals. DHCD submits quarterly reports to the OCA with final KPIs (actuals) submitted and published at the end of each fiscal year.
- DHCD has a Resource Management Specialist to manage and track KPI information and compile results from managers. This employee is also responsible for reporting and reviewing results with the Director, and other senior leadership team members.
- DHCD's FY 14 PAR provides explanation on goal variance and results and is provided to Council by OCA.

12. Does the Agency currently maintain an affordable housing database that includes rental and home ownership units? If so, who maintains the database, and is it available for public access?

Response:

The Agency maintains a database of DHCD's affordable rental and home ownership projects, maintained by Chris Dickersin-Prokopp, Program Analyst, DHCD. The database can be accessed through the DHCD website dashboard.

II. Budget-

13. Please provide a chart showing the agency's approved budget and actual spending, by program, for FY14 and FY15 to date. In addition, please describe any variance between fiscal year appropriations and actual expenditures for FY14 and FY15 to date.

Response:

Please see Attachment 13.

14. Please list any reprogrammings, in or out, which occurred in FY14 or FY15 to date. For each reprogramming, please list the total amount of the reprogramming, the original purposes for which the funds were dedicated, and the reprogrammed use of funds.

Response:

Please see Attachments 14 for FY 14 FY 15.

15. Please provide a complete accounting for all intra-District transfers received by or transferred from the agency during FY14 or FY15 to date.

Response:

Please see Attachment 15.

16. Please identify any special purpose revenue accounts maintained by, used by, or available for use by the agency during FY14 or FY15 to date. For each account, please list the following:
- a. The revenue source name and code;
 - b. The source of funding;
 - c. A description of the program that generates the funds;
 - d. The amount of funds generated by each source or program in FY14 and FY15 to date; and
 - e. Expenditures of funds, including the purpose of each expenditure, for FY14 and FY15 to date.

Response:

Please see Attachments 16a -16e.

17. Please provide a list of all projects for which the agency currently has capital funds available. Please include the following:
- a. A description of each project;
 - b. The amount of capital funds available for each project;
 - c. A status report on each project, including a timeframe for completion; and
 - d. Planned remaining spending on the project.

Response:

Please see Attachments 17.

18. Please describe the agency's efforts to utilize federal funding sources and other alternative funding sources.

Response:

DHCD uses both federal and local resources to preserve and create affordable housing opportunities throughout the District. Federal resources, such as Home Investment Partnership Program (HOME), Community Development Block Grant (CDBG), and Low Income Housing Tax Credits have been (LIHTC) used to leverage private capital to create and preserve affordable housing units.

19. Under DC Code § 42-2857.01, it states that no more than 20% of the funds deposited into the Unified Fund be used to pay project-delivery costs. The statute also requires an annual report on the fund. Please provide the annual report in Attachment for FY14 and FY15.

Response:

Please see Attachments 19.

20. Additionally, please provide :

- a. The amount of revenue generated by the Unified Fund in FY14 and FY15.
- b. The amount of expenditures by the Unified Fund in FY14 and FY15.
- c. The amount of Unified Fund spent on personnel costs in FY14 and FY15.

Response:

Please see Attachments 20a-20c.

III. Contracting and Procurement-

21. Please list, in Excel spreadsheet format, each contract, procurement, lease, and grant (“contract”) awarded, entered into, extended and option years exercised, by the agency during FY14 and FY15 to date. For each contract, please provide the following information, where applicable:

- a. The name of the contracting party;
- b. The nature of the contract, including the end product or service;
- c. The dollar amount of the contract, including budgeted amount and actually spent;
- d. The term of the contract;
- e. Whether the contract was competitively bid or not;
- f. The name of the agency’s contract monitor and the results of any monitoring activity; and
- g. Funding source.

Response:

Please see Attachment 21.

22. Please provide a list of all MOUs currently in place, all MOUs entered into within the last year, and any MOUs planned for the coming year.

Response:

Please see Attachment 22.

23. Please describe the steps taken by the agency to provide oversight and management for contracts. Specifically, how does the agency ensure that its programmatic needs are being met and contracting actions are standardized across various programs?

Response: DHCD works closely with the Office of Contracting and Procurement (OCP) to monitor the status of active contracts, to process existing procurements, and to determine future contracting needs. DHCD has an Agency Contracting Officer (ACO), who provides guidance to agency managers on purchase orders and use of PASS, is responsible for ensuring consistency across the agency, and is the designated procurement leader for DHCD. In FY 14, OCP placed a Contracting Officer and Contract Specialist within DHCD. Their main focus is the procurement activities of DHCD. They also provide training on policies, procedures, laws, and regulations regarding procurement in the District of Columbia, thereby ensuring the continual monitoring of a range of contracts and their associated expenditures.

24. What percentage of contracts and total contracting budget at DHCD were awarded to local, small, and disadvantaged business enterprises in FY14 and FY15 to date? What is DHCD doing, if anything, to improve this rate?

Response:

DHCD awarded fifty percent (50%) of the contracts and total contracting budget to local, small, and disadvantage business enterprises for FY14 and FY15. This is consistent with the identified expendable budget of DHCD that was mandated by the Department of Small and Local Business Development (DSLBD). DHCD is committed to working with the Office of Contracting and Procurement to ensure that all procurements are competed with Small and Local businesses.

IV. Studies, Publications, Audits, Investigations, and Lawsuits-

25. Provide a list of all studies, research papers and analyses the agency prepared or contracted for or plans to prepare or contract for during FY14 and FY15 to date. State the status and purpose of each study.

Response:

As part of its HUD Community Challenge Planning Grant which concluded in FY14, DHCD worked in partnership with the Office of Planning to contract for the following deliverables:

- Congress Heights/Anacostia/St. Elizabeth's (CHASE) Action Agenda- DHCD and the Office of Planning partnered with Louis Berger, a national planning firm, to facilitate the creation of a land use, transportation, and economic development implementation plan. The team convened an Advisory Committee for the target area and held frequent meetings to engage and solicit input from community stakeholders including business owners, developers, and leaders of civic associations. As a result of these community meetings, the CHASE team shifted the plan's focus toward an implementation action plan that will connect residents and businesses to economic opportunities and financial resources. This initiative is complete.
- Historic Neighborhood Pattern Book- The purpose of this pattern book is to provide guidelines for historically compatible infill development. The pattern book is complete and is available on DHCD's website, as well as on the Office of Planning's website; a color print run of 100 copies was completed and distribution is in process.

Additional analyses include the following:

- **Deanwood Market Study**- DHCD's Property Acquisition and Disposition Division (PADD) will contract in FY15 for a market study to determine the market conditions for redevelopment of properties it owns in Deanwood.
- **Single Family Residential Rehabilitation Program Analysis**- In FY14, Enterprise Community Partners, as part of technical assistance service to DHCD, provided an analysis of the Single Family Residential Rehabilitation Program to streamline its operations. The analysis is complete and DHCD is working to implement the recommendations.

26. Provide a list of all publications, brochures and pamphlets prepared by or for the agency during FY14 and FY15 to date

Response:

In FY 2014 - 2015, the DHCD Office of Communications and Community Outreach (OCCO) prepared the following publications:

1. The "**DHCD FY 2013 Annual Report**": this is a document developed to educate and update stakeholders on the agency's programs and services, notable

- accomplishments, policy and procedure revisions and overall performance. The report was electronically released on all agency online platforms and highlighted the agency's division descriptions and accomplishments.
2. The "Frontburner" is an internal communications report on DHCD's critical issues, high profile projects, recent accomplishments, news clips, and upcoming outreach and media events In FY 2014, OCCO published **51 weekly Frontburner briefs** for the Deputy Mayor for Planning and Economic Development and the Office of the City Administrator.
 3. **"DHCD Programs and Services"** handout was revised. OCCO will work with program managers to revise and redesign program fact sheets in the coming months.
 4. **"Open Government Report 2014"**: this report outlines how the agency complies with Open Government laws.
 5. Published four **"Advisory Neighborhood Commission (ANC) Newsletters"** and launched the first **"DHCD Stakeholder Report"** to keep stakeholders informed of programmatic initiatives, upcoming engagements and top priorities.
 6. **Other publications include:**
 - a. *What You Should Know About Rent Control in the District of Columbia* pamphlet
 - b. *Home Purchase Assistance Plan Brochure*
 - c. *Lead Safe Washington Brochure*
 - d. *Interim Communications Guidelines*
 - e. *Single Family Residential Rehabilitation Program Brochure*
 - f. *New Rent Registration Process Fact Sheet*
 - g. *DHCD Funding Opportunities, Eligibility and Application Process Presentation*
 - h. *DHCD Who We Are, Who We Serve and Who We Support Presentation*
 - i. *Chase Neighborhoods Pattern Book*

27. Provide a list of all policy statements issued during FY14 and FY15 to date.-

Response:

DHCD is currently finalizing formal policies for all agency divisions and programs, which are codified as Administrative Instructions.

In Fiscal Year 14, DHCD issued the following Administrative Instructions (AI):

- Home Investment Partnership Program (HOME)
- Federal Funding Accountability and Transparency Act (FFATA)

In FY15 to date, DHCD has issued the following Administrative Instruction:

- Home Purchase Assistance Program (HPAP)

28. Please list and describe any ongoing or completed investigations, studies, audits, or reports on the agency or any employee of the agency, or any investigations, studies, audits, or reports on the agency or any employee of the agency that were completed during FY14 or FY15 to date.

Response:

<u>Audits, Investigations, Reports or Studies</u>	<u>Status</u>
Inquiry from DC Inspector General regarding improper financial and accounting practices (Control No. 2014-0098)	Completed investigation; DHCD completed its investigation on February 21, 2014 and submitted the results to OIG
Inquiry from DC Inspector General regarding complaint that an ineligible household resides in an Affordable Dwelling Unit located at 1400 Irving Street, NW, Apt. no. 601 (Control No. 2013-0603)	Completed investigation; DHCD submitted the results of its investigation to OIG on April 25, 2014
Inquiry from DC Inspector General regarding fraud, waste and abuse committed by the Chief Administrative Officer (Control No. 2014-0456)	Completed investigation; DHCD completed its investigation and sent a response to OIG on September 19, 2014. OIG closed out the matter on October 10, 2014.

29. Describe any pending lawsuits involving the agency.

Response:

<u>Case name/ Property Address</u>	<u>Type</u>	<u>Status</u>
<u>District of Columbia v. Park Southern Neighborhood Corp. et al</u> (2014 CA 002646 B)	Consumer protection/ violation of District's non-profit corporation statute	The District filed a Motion for Custodianship in September 2014. The motion is pending, but Court has approved the

		appointment of a broker, but no broker has been agreed upon.
<u>Capitol Services Management Inc. v. District of Columbia</u> (2014 C 000451)	Breach of contract	CSMI sued for breach of contract in connection with DHCD installing its own property manager at Park Southern Apartments. The Court denied the District's motion to dismiss and the District is filing a motion for partial reconsideration.
<u>Park Southern Neighborhood Corp. v. Vesta Management Corp.</u> (D.D.C.) (14-cv-01675)	Tortious interference and unlawful conversion	District is currently not a part of this litigation, but PSNC has filed a motion to have the District join as a defendant. The motion is pending.
<u>2910 Georgia Avenue LLC v. District of Columbia</u>	Constitutional challenge to DC Inclusionary Zoning statute and regulations as a taking in violation of 5 th Amendment.	The case is currently in discovery, which closes in May 2015, after which the District will file a motion for summary judgment. .
<u>Acosta v. Department of Housing and Community Development</u> , (Case No. 0007712-12)	whistleblower complaint	In January 2015, the Court issued an order in the Acosta matter granting, in part, District's motion for sanctions relating to discovery deficiencies. Matter is still in discovery.
<u>Fairfax Homes, Inc., v. District of Columbia</u> (U.S. District Bankruptcy Court Case No. 13-00744 (Chapter 11	bankruptcy	Debtor, a condominium developer, is suing the District for a reduction of

		conversion fee liability. A court status conference is scheduled for March 18, 2015.
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V. Information and Technology

30. Please describe how DHCD is currently using its website and social media to help fulfill its mission, including any improvements it has made in FY14 and FY15 to date and plans it has to do so in the near future.-

Response:

In FY 2014 – 2015, the DHCD Office of Communications and Community Outreach (OCCO) has ramped up its website and social media activity to provide stakeholders with information on DHCD programs and services, training opportunities, publications, press releases, media alerts, event and community meeting announcements, and staff promotions.

FY 2014 Focuses

- Managed a 195% increase in followers on the DHCD Twitter platform.
- Managed a 285% increase in friends on the DHCD Facebook platform.
- Departmental updates to web pages to make them more user-friendly
- Redesign of DC Housing Search.org
- Ensuring that messaging is scheduled for social media platforms on a daily basis

FY 2015 ENHANCEMENTS

- Coordinate with partners to create better synergy with messaging and announcements.
- Link from DHCD website to the CBO and vendors websites to further develop our partnership with them and continue to share information.
- Conduct frequent user tests to enhance user friendly functionality.
- Incorporate more images, testimonials and engagements into the webpages.
- Launch the revamped DCHousingSearch.org platform.

31. Please identify all electronic databases maintained by the agency, including the following:
Please include quickbase installations and use

- a. A detailed description of the information tracked within each system;
- b. Identification of persons who have access to each system, and whether the public can be granted access to all or part of each system; and

- c. The age of the system and any discussion of substantial upgrades that have been made or are planned to the system.

Response

Since 2000, the Department has used software developed by Housing Development Software (HDS) as its enterprise database application. Below is a brief description of the features and functionality of the various modules currently in use (and planned) at the agency.

For more detail, please see attachment #31

Quick Base Payment Tracker

The DHCD Quick Base Payment Tracker application was developed to adhere to the Quick Payment Act requiring the District to pay vendors within 30 calendar days (excluding legal holidays) of receipt of a proper invoice. The payment tracker does not replace any system or processes that are currently in use. It is an automated workflow management system created to gauge the performance of DHCD's adherence to the Quick Payment Act. The application strengthens accountability by displaying information such as the number of days with a specific staff person, number of days in the agency, and the total time from receipt to disbursement.

The internal phase of the payment tracker was launched in November 2014. It is anticipated that access to vendors will launch in the second quarter of calendar year 2015.

32. Please provide in detail a status update of the \$3.9 million Affordable Housing Database being created by OCTO in consultation with DHCD.

Response:

The database is a DMPED/OCTO project. We have referred this question to DMPED for a response to the Committee.

VI. Agency Programs and Policies

33. Please list each policy initiative of the agency during FY14 and FY15 to date. For each initiative please provide: -
 - a. A detailed description of the program;
 - b. The name of the employee who is responsible for the program;
 - c. The total number of FTEs assigned to the program; and
 - d. The amount of funding budgeted to the program.

Response:

Please see Attachment 33 part 1 FY 14 Performance Plan and FY 15 Performance Plan

34. Please describe any initiatives the agency implemented within FY14 or FY15 to date, to improve the internal operation of the agency, reduce waste, fraud and abuse, or the interaction of the agency with outside parties. Please describe the results, or expected results, of each initiative.

Response:

During FY 14 and FY 15, DHCD has worked with both the lending and development communities on expanding/ leveraging access to capital for non-profit and for-profit affordable housing developers. The increased capital (which would be provided by private lending institutions and credit enhanced by DHCD) would be provide non-profit and for-profit developers with resources to acquire existing affordable housing properties, vacant land that can be developed for affordable housing, and predevelopment costs associated with creation or preservation of affordable housing. This initiative is called the Acquisition Loan Program (ALP) and will be released via a Request for Qualifications (RFQ) in the 3rd quarter of FY 15. In FY 14, DHCD secured the services (via procurement) of Cohn-Reznick. The scope of responsibility for Cohn-Reznick is to provide auditing services to improve the agency's administration and oversight of federal and local programs. Currently, Cohn-Reznick is working with DHCD on preparation for the upcoming federal single audit under A-133.

35. Please explain the impact on the agency of any legislation passed at the federal level during FY14 or FY15 to date.

Response:

There has been no new major federal-level legislation directly impacting DHCD in FY 14 or early FY 15, that required immediate action. As with other states, the expiring use of the Low Income Housing Tax Credit Program was extended for one year. The permanency of this tax legislation will again be considered in FY2015. Also, as a result of federal appropriation legislation, the agency's entitlement grants for the Community Development Block Grant and the HOME programs decreased slightly in FY 2015, due to a decrease in national funding as approved by Congress.

36. What District legislation has yet to be implemented by the Agency, if any? If legislation has not yet been implemented, please explain why.

Response:

There is no legislation that has not been implemented by the Agency.

37. What has the agency done in FY14 and FY15 to date to make the activities of the agency more transparent to the public? In addition, please identify ways in which the activities of the agency and information retained by the agency could be made more transparent.

Response:

In FY 2014 – 2015, the DHCD Office of Communications and Community Outreach (OCCO) has increased its transparency by updating and expanding the information on the Open Government and FOIA page, which included the addition of the following documents:

- Memorandums of Understandings between DHCD and partner agencies
- DC DHCD Code of Conduct Memorandum 2014
- Ethics Manual The Plain Language Guide to District Government Ethics Manual
- Post-Closing Administrative Instructions to DHCD Staff
- Subordination, Modification and Forgiveness Policy Administrative Instruction to DHCD staff

In FY 2014, DHCD held 55 outreach engagements, public meetings, public hearings, training sessions, workshops, educational series and other activities for agency stakeholders.

In FY14 and FY15, the DHCD conducted workshops, hearings and symposiums to share more of the Department's activities with stakeholders. These activities include but are not limited to:

- The Sixth Annual DC Housing Expo and Home Show, which included:
 - Free credit reports and credit counseling
 - Face to face interaction with Government Agencies, Non Profit Community Organizations, Lenders, and Realtors onsite
 - Senior Housing Pavilion
 - Lead Prevention and Mediation Demonstrations
 - Workshops on homeownership, home repair, and financial literacy
 - Sessions on Green Living and Urban Gardening
- Housing Regulation Administration Education Series Sessions the Department has hosted approximately 25 information sessions and stakeholder meetings to give residents the opportunity to ask questions and provide input on programs and services. Sessions were also conducted for tenants, landlords, housing providers to increase knowledge and help build capacity. Sessions included:
 - Tenant Opportunity to Purchase Act for Tenants

- Tenant Opportunity to Purchase Act for Realtors
 - Rent Control for Tenants
 - Quarterly Housing Provider Stakeholder meetings
 - Quarterly Tenant Stakeholder meetings
 - Rent Adjustments under the Rental Housing Act
- The Fair Housing Symposium – An annual symposium which focuses on fair housing issues and fair housing training sessions geared toward industry professionals and the general public.
 - “Pre-Solicitation and Capacity Building Workshop Series” designed to provide developers and Community-Based Organizations with an overview of DHCD’s funding sources and opportunities, property dispositions and the Request for Proposals process.
 - The Community Needs Assessment Hearing Series – A series of hearings which gives the public an opportunity to participate in the development of policies and programs in affordable housing, special needs housing, homelessness, homeownership, and community development, and public service activities.

The Department has also, in accordance with the new Open Government legislation, published notices for the Housing Production Trust Fund Board (HPTF) Meetings in the DC Register, on public display boards, DHCD website and on social media platforms. The DHCD also procures an official court reporter to tape and transcribe HPTF meetings and agency hearings.

In addition, the Department operates a fully staffed Housing Resource Center, which serves as a one-stop shop for information on DHCD programs and other housing resources. The Center also has an active Housing Provider Ombudsman, who serves as a resource for small housing providers.

38. Please describe how the agency solicits feedback from customers.
- a. What has the agency learned from this feedback?
 - b. How has the agency changed its practices as a result of this feedback?

Response:

In FY 2014-2015, the Department held a series of “Community Needs Assessment Hearings” to solicit input on housing and community development needs in the District. This feedback helps to shape the Consolidated Annual Performance and Evaluation Report (CAPER), Annual Action Plan, etc.

DHCD also distributes surveys at each education series session and during the Housing Expo to seek public comment and feedback. The upcoming Seventh Annual DC Housing Expo and Home Show will have opportunities for residents and stakeholders to share feedback and ideas regarding housing, and community development.

The feedback we receive is also used to help shape strategies and priorities and we also share what we learn from stakeholders with other development partners to help initiate new discussions and ideas for interagency initiatives and collaboration.

Housing Development Pipeline-

39. For the DHCD projects that closed in FY14, what was the average timeline for the completion from inception to closing?

Response:

DHCD executed financing agreements (closed) on 23 projects in Fiscal Year 2014. On average, projects spent 863 days in the pipeline, from application to closing. The shortest amount of time a project spent in the pipeline was 324 days, and the longest a project spent in the pipeline was 3,064 days.

40. Of the last 100 DHCD projects that entered the pipeline, how many have failed to reach closing and how many are still pending?

Response:

DHCD has reliable data on the 84 most recent projects to enter its pipeline. Of those, 12 have been withdrawn from the pipeline, 36 are still in the underwriting pipeline (pending), and 36 have successfully closed.

41. Please describe the current underwriting practices of the agency and what efforts have been made to streamline the practices.

Response:

The DHCD underwriting process entails the following:

- a. Projects that apply to DHCD for development financing are first reviewed to ensure they meet a set of threshold requirements, such as site control and zoning compliance.
- b. Projects are then scored on criteria outlined in the RFP.
- c. DHCD underwriters comprehensively evaluate the project team and its proposal and make a recommendation on whether to fund the project and at what level.
- d. Underwriter recommendations are presented to an independent review panel, consisting of inter-agency government representatives and subject matter experts from the private and nonprofit sectors.
- e. The review panel considers overall resource constraints and makes recommendations on which projects from the pool should be funded.
- f. DHCD Director reviews the panel's recommendations and makes his/her recommendations to the Mayor, through DMPED.
- g. Mayor announces funding awards to selected projects. This award outlines general project and financing terms and signals advancement to the final underwriting stage, but does not imply a binding funding commitment.
- h. Project managers conduct more detailed underwriting and due diligence, for example, making sure that the project team is in good standing with the Office of Tax and Revenue and the Department of Employment Services and starting the compliance review through DHCD's Office of Program Monitoring.
- i. When underwriting is complete, the project manager presents the project to the loan committee for review and makes recommendations to the Director on whether to approve or not. If approved, DHCD issues the project a letter of commitment, which is conditioned on the developer's ability to meet a set of pre-closing requirements. These pre-closing requirements include securing building permits and any necessary non-DHCD financing.
- j. Many DHCD projects also have DCHFA financing in their capital stack, and this commitment must be firmly secured before DHCD can close a loan.
- k. When the project meets all conditions precedent to loan closing, the loan package is forwarded to Council for review and approval if the loan amount is greater than \$1 million. Once approved by Council, a closing date is set.
- l. Loan documents are executed and Affordability covenants recorded against the property.
- m. The loan is booked and forwarded to contracted loan servicing company that will manage the repayment process.
- n. DHCD continues to closely monitor the property during the construction phase and makes loan disbursements to the developer.
- o. DHCD's Portfolio and Asset Management Division monitors building lease-up, and compliance over the life of the affordability covenant.

In order to streamline this process, DHCD has issued a series of Administrative Instructions (AIs) that clarify the roles of each division and employee involved in the process. In the past year, DHCD implemented a series of Quickbase applications to help improve workflow, records management, and information sharing across divisions and agencies. The Development Finance Division (DFD) has also engaged the assistance of a consultant to assist with underwriting and streamlining of the division's RFP and internal processes.

DHCD's RFP now is divided into two tiers, allowing for a fast track path to closing for Tier One projects that are "shovel-ready," demonstrated by meeting certain criteria, such as possession of building permits and financing commitments.

Community Development Block Grant/HOME

42. Please provide an update of DHCD's relationship with HUD as a Participating Jurisdiction. Please include situations where the District is slowed or hindered by HUD in any way that could restrict or slow-down the use of HOME and CDBG funds.

Response:

Over the years, DHCD has maintained a robust and congenial relationship with HUD. We have collaborated on a range of matters including financing and developing affordable housing, administering housing voucher programs, emergency shelter grants, transitional housing, and community empowerment activities which positively impact the quality of life in the neighborhoods of the District. DHCD has reviewed and analyzed its internal procedures, policies and methodologies to align them with the needs of the District and the objectives HUD program focused goals. While we have not been successful in every endeavor, we have steadily improved our outcomes and program capabilities. Yet more needs to be done at the agency level to reach better operating efficiencies.

43. What are the current fiscal year uses for Community Development Block Grant funds?

Response:

DHCD will use its CDBG funding in FY 15 for rehabilitation of multifamily housing, public facilities, home purchase assistance under HPAP, acquisition activities under TOPA, and residential and commercial acquisitions under PADD. Additionally, as outlined in Chapter 4 of DHCD's FY 15 Action Plan, Community Development Block Grants funds will be used to:

- Support housing development activities through our Development Finance Division such as:
 - acquisition,
 - disposition,
 - construction, and
 - rehabilitation of housing

- Support ancillary housing activities such as providing :

- rental housing subsidies
- homeownership assistance, and
- energy efficiency improvements
- Additionally, enhancement of neighborhood commercial corridors will be a funded activity through our Residential Community Services Division.

44. Please describe how Community Development Block Grant funds will be used in FY15, and what changes are being considered for Community Development Block Grant funds?

Response:

DHCD will use its CDBG funding in FY 15 for rehabilitation of multifamily housing, public facilities, home purchase assistance under HPAP, acquisition activities under TOPA, and residential and commercial acquisitions under Property Acquisition and Disposition Division (PADD). No changes are anticipated at this time.

45. What funds will be available from Community Development Block Grant in the 2015 Notice of Funding Availability?

Response:

DHCD is currently working to assess the availability of both federal and local sources of funding for the upcoming NOFA.

46. Please identify whether Community Development Block Grant funds may be used for housing and/or services for at-risk families in the following categories:

- a. Extremely low-income
- b. Homeless
- c. At risk of homelessness
- d. Formerly homeless

Response:

Yes, Community Development Block Grant can be used for housing and/or services for homeless and formerly homeless populations.

47. Please describe how Community Development Block Grant funds will be used in FY15, and what changes are being considered for Community Development Block Grant funds?

Response:

DHCD will use its CDBG funding in FY 15 for rehabilitation of multifamily housing, public facilities, home purchase assistance under HPAP, acquisition activities under TOPA, and residential and commercial acquisitions under PADD. Changes beyond these current uses have not been discussed.

48. What funds will be available from HOME in the 2015 Notice of Funding Availability (NOFA)?

Response:

HOME Funds will be available in the 2015 Notice of Funding Availability. We are currently working to assess the amount of the funding that will be made available.

49. Please describe how HOME funds are being used in FY15, and what changes are being considered for HOME funds?

Response:

In FY 15, DHCD is using its HOME funds for new construction and rehabilitation of multifamily projects.

50. Please identify whether HOME funds may be used for housing and/or services for at-risk families in the following categories:

- a. Extremely low-income
- b. Homeless
- c. At risk of homelessness
- d. Formerly homeless

Response:

Yes, HOME Funds can be used for housing and/or services for homeless and formerly homeless populations. However, DHCD's consolidated plan only uses the funding for new construction and rehabilitation of housing.

51. What are DHCD's plans for using HOME funds as operating funds?

Response:

DHCD provides operating funding to eligible Community Housing Development Organizations (CHDOs).

52. Has the fund been used for Community Housing Development Organizations (CHDOs)? If so, please describe how it has been used?

Response:

Under the HOME Investment Partnership Fund (24 CFR Part 92), HOME funds can be used in two main separate categories for CHDOs:

1. Up to 5% of a Participating Jurisdiction (PJ) fiscal year HOME allocation can be used for CHDO operating expenses. Reserved HOME funds for CHDO operating expenses, is not mandatory in the HOME program. Operating expenses mean reasonable and necessary costs for the operation of an approved affordable housing development project such as salaries, wages, office supplies, office equipment and employee benefits. DHCD has reserved approximately \$206,841 in HOME funds for CHDOs to apply for operating expenses associated with an approved DHCD HOME funded project. The CHDO reserve funds (for development) equal \$643,919.85.

2. Within 24 months after HUD notifies a PJ of its HOME allocation, a PJ must reserve no less than 15% of its allocation for the investment in affordable housing units developed, owned or sponsored by a CHDO. A PJ also has an option to reserve 10% of its 15% set-aside HOME allocation for CHDO predevelopment cost. DHCD has reserved 15% of its HOME allocation for CHDOs to invest in affordable housing units in the District of Columbia as a developer, owner or sponsor.

Low Income Housing Tax Credits-

53. Please update the Committee on the availability of 9% Low Income Housing Tax Credits this year?

Response:

The total amount of 9% Low Income Tax Credit available for calendar year 2015 is \$3,000,000. Of this amount, \$2,635,000 is the District's 2015 allocation of 9% LIHTC.

54. The last time the District's Qualified Allocation Plan was updated was 2012. Are there any plans to update this plan?

Response:

DHCD is working on updating the QAP to include current changes in the RFP process and the rules and regulations affecting Tax Credits.

Tenant Opportunity to Purchase (TOPA)-

55. How many buildings completed a TOPA purchase in FY10 through FY15?

Response:

- **FY10-** 4 Buildings: 3121 Mt. Pleasant Street, NW; 2711 Q Street Tenants Association; Dalgreen Courts Tenants Association and the Deauville
- **FY11-** 2 Buildings: Piney Branch Road Tenants Association and 1417 N street NW Tenants Association
- **FY12-** 1 Building: Girard House Tenants Association, Inc.
- **FY13-** 1 Building: 5741 Colorado Cooperative, LCA
- **FY14-** 4 Buildings: Valencia, Vizcaya and Concord Apartments (a.k.a. Hampstead Brightwood Partners, LLP); and 1919 Calvert Street NW Tenant Association
- **FY15-** 2 Buildings: Channel Square and Maya Angelou Tenants Association

56. How many buildings began the process, but did not complete a purchase?

Response:

NONE

57. What are the primary reasons for the success or failure of a tenant association completing the TOPA process?

Response:

DHCD accepts Tenant purchase projects throughout the year because they are usually on tight timeframes. In some cases, tenants may need access to funds quickly, through bridge loans, while they work to line up permanent financing. The primary key to the success of the tenants association completing the TOPA process is by creating a strong, organized tenants association, and by hiring a professional team (development consultant and attorneys) that have experience in working with Tenant groups. Also, success is achieved by taking advantage of the Tenant Purchase Technical Assistance that the Department offers to the Tenant Associations.

58. What is DHCD's role in the TOPA process?

Response:

DHCD's role in the TOPA process is two-fold: DHCD regulates the sale or transfer of rental housing and provides financial assistance to tenant organizations seeking to purchase their buildings.

Regulatory Functions: DHCD administers the Tenant Opportunity to Purchase Act of 1980, as amended. Its responsibilities and functions include serving as a repository for District Opportunity to Purchase notices, notices of transfer of economic or ownership interests, and offer of sale notices. The agency reviews all notices, issues deficiency notices as applicable, investigates complaints, and serves as the first level of administrative adjudication for disputes.

Financial Functions: The Department of Housing and Community Development has two programs that assist low-to-moderate income District residents who are threatened with displacement because of the sale of their apartment building. These programs are: the First Right Purchase Assistance Program, (FRPA) (a.k.a. Tenant Opportunity to Purchase Assistant, TOPA) and Tenant Purchase Technical Assistance Program, (TPTA).

DC's First Right Purchase Assistance Program, (FRPA or TOPA) (the "Program") has helped to preserve nearly 1,540 units of affordable housing across the District over the past decade and is one of the District's key anti-displacement tools. Managed by DHCD's Development Finance Division (DFD), the Program provides low-interest loans to tenant groups to purchase and/or rehabilitate their building, subject to the availability of funds, when their landlord is ready to sell under the D.C. Law 3-86, the "Rental Housing Conversion and Sale Act of 1980," D.C. Code 42-3401.01 et seq. (2001).

The Tenant Purchase Technical Assistance Program (TPTA) provides free, specialized organizational and development services for tenant groups who are pursuing the purchase of their apartment buildings with the intention to convert them to cooperatives or condominiums. These services can include:

- Assistance with organizing and structuring the tenant association;

- Preparation of Legal organizational documents;
- Help with loan applications;
- Support in sales negotiations; and
- Property management techniques

59. What outreach does DHCD engage in to inform tenants of their TOPA rights?

Response:

DHCD's TOPA outreach program is targeted to reach all its stakeholders. Stakeholder groups include tenants, ANC commissioners, property owners, housing providers, developers, realtors, property managers, landlord-tenant attorneys, and other real estate professionals. Each year, DHCD develops an outreach calendar to inform and educate its stakeholders about TOPA, rent control and registration, and other facets of rental housing regulation.

In addition to monthly classes conducted at DHCD's Housing Resource Center, DHCD's Housing Regulation Administration staff is active in the community, teaching stakeholders about DHCD services and rental housing regulation. For example, in FY 2014, DHCD's housing provider ombudsman visited 11 realty brokerage firms, conducted 8 realtor classes, and conducted 6 agency seminars. The Rental Conversion and Sale Administrator conducted TOPA classes for realty brokerage firms and served as a panelist at a TOPA seminar hosted by the D.C. Bar Association.

DHCD continues to develop its stakeholder listserv and communicates with stakeholders by email and online postings. In FY 2015, the agency plans to tape its seminar sessions and make them available on the agency's website in an "on-demand" format so stakeholders who can access information at their convenience.

Please see Attachment 59-HRA 2014 Outreach Calendar, and Attachment 59A- HRA 2015 Outreach Calendar.

Home Purchase Assistance Program (HPAP)-

60. Does the agency currently conduct a formal oversight and public input process for underwriting and criteria changes made to the program?

- a. If yes, please describe the agency efforts to increase transparency and public input.
- b. If no, please explain what are the agency plans to increase transparency and public input.

Response:

No, the agency does not conduct a formal oversight or public input process.

Due to the technical and complex nature of underwriting, the agency does seek input and have received technical assistance from HUD contractors to produce underwriting guidelines and credit criteria that are aligned with current Fannie Mae/Freddie Mac, FHA and HUD's HOME underwriting criteria.

In an effort to increase transparency, the agency holds quarterly meetings with housing stakeholders, advocates and mortgage industry professionals to discuss housing market trends; program underwriting /credit criteria updates and changes; as well as homebuyer needs in the District. In addition, the agency makes available on the website the Administrative Instructions for the homebuyer programs.

Response:

The targeted timeframe for the HPAP loan process from application to closing on a property is 180 days.

61. What is the agency's target timeframe for the HPAP loan process, from first application to the closing on a property?

Response:

The targeted timeframe for the HPAP loan process from application to closing on a property is 180 days.

62. In FY14, what was the average timeframe for an HPAP loan to be closed?

Response:

The average timeframe for an HPAP loan to close was 64 days which starts at sales contract approval by the administrator.

63. Please describe the current underwriting practices of the agency for HPAP loans, and what efforts have been made to streamline the practices. What, if any, agency initiatives are being

implemented to speed up the process for the granting of HPAP loans?

Response: The current underwriting practices require a thorough review and underwriting of the HPAP loan application along with the first trust loan application/credit package. There are many variables that can affect the turnaround time of the HPAP loan approval process, including the completeness of the lenders credit package, any missing or outstanding conditions of the loan will have to be received by the Administrator to render a decision on an HPAP loan. During this timeframe the property is inspected, all repairs are made for a passing inspection; and ultimately the HPAP loan documents are prepared for closing.

The Administrator hired a loan coordinator/compliance officer in 2014 to track files and improve communication with applicants and lenders on procedures that will move a file to settlement faster.

64. Does funding for HPAP loans depend on GWUL's line of credit and then reimbursement? If yes, please explain why.

Response:

Yes, GWUL's line of credit is used to continue program operations through the fiscal year and then GWUL is reimbursed. DHCD also provides an infusion of funds to GWUL at the startup of the fiscal year.

65. Currently, DHCD has outsourced the servicing contract for HPAP to a company located in Minnesota. Would DHCD be open to bringing the servicing contract back to the District?

Response:

HPAP loan servicing is part of the overall DHCD portfolio loan servicing contract that has offices located in Baltimore, MD and Downey, CA. DHCD works with both offices, Baltimore, MD for loss mitigation and Downey, CA for payment processing and customer services. An RFP solicitation in 2014 did not attract interest from District contractors.

66. How does DHCD evaluate the subcontractors involved in the HPAP loan process?

Response:

The sub-contractors are evaluated by DHCD through on-site monitoring twice

a year. DHCD requires monthly reporting from the sub-contractors for applications received, eligibility letters issued, contracts approved and loans closed. Monthly closed loan file reviews are conducted by DHCD.

67. In FY14, what amount of the HPAP budget went unspent?

Response:

In FY 2014, \$5,033,936.39 of the HPAP budget was not spent.

68. In the FY14 report from GWUL, over 520 HPAP applications were filed, yet only a little over 200 applicants received HPAP loans on the homes they purchased. How have these numbers changed over the past 5 years? What changes need to be made (*i.e.* process, loan amount, outreach, counseling, *etc.*) to make the program more effective in supplying loans to HPAP applicants?

Response:

The change in the number of applications has been steady but loan closings have dropped each year since 2010. (See graph)

- In FY 2014, GWUL received 565 applications and 208 loans closed.
- In FY 2013, GWUL received 631 applications and 269 loans closed.
- In FY 2012, GWUL received 496 applications and 247 loans closed.
- In FY 2011, GWUL received 524 applications and 245 loans closed.
- In FY 2010, GWUL received 549 applications and 362 loans closed.

Continued outreach to increase program awareness and credit counseling to prepare applicants for homeownership is essential. It has been studied that in the past seven years consumer bad debt was at its highest. Also, in the past five years mortgage lenders have tightened loan qualifying requirements therefore, making it more difficult for applicants to obtain mortgage financing. HPAP applicants can receive credit counseling through our network of credit counselors to improve credit ratings. Changes to the maximum HPAP loan amount in December 2014 from \$44,000 to \$54,000 has increased purchase assistance for very low, low and moderate income recipients of the program. The District's home prices are on the rise, the increase in assistance will help only slightly due to the lack of affordable houses to purchase.

69. What percentage of HPAP applicants who begin the HPAP loan process ultimately use an HPAP loan to purchase a home? What are the primary reasons why an HPAP applicant would not complete the HPAP loan process? What is DHCD doing to address these issues?

Response:

In Fiscal Year 2014, 37% of applicants who began the HPAP loan process purchased a home. The primary reasons why an HPAP applicant would not complete the process are 1) cannot find an affordable home to purchase in the District, 2) tighter mortgage lender qualifying requirements; and applicant's readiness, decided to wait.

DHCD has a network of housing counselors to work with HPAP to improve the credit of the borrowers who need assistance. All applicants that are deemed ineligible for the program due to credit reasons are referred to a counseling center by the Administrator.

DHCD is preparing for a super NOFA coming in the Spring of 2015 that will attract developers to bid on funds to create and develop affordable houses that will be made available for the HPAP applicants to purchase.

Affordable Dwelling Units (ADUs) for Ownership-

70. Please describe the underwriting verification process required by DHCD.

Response:

DHCD does not conduct underwriting verifications of ADUs. ADUs are created through the land disposition process similar to bill 10-801 through DMPED or DHCD, and tax abatements and or PUDs. DHCD has been charged with monitoring ADUs pursuant to Mayor's Order 2009-112. In limited instances where properties are disposed of through the PADD and funds are requested from DFD would projects producing ADUs go through a DHCD underwriting process.

71. What additional documentation, if any, is required by DHCD during this process?

Response:

As stated above underwriting is not generally required for ADUs by DHCD.

72. Does the first trust lender perform the underwriting/income verification of for-sale ADUs?

Response:

As stated above underwriting is not generally required for ADUs by DHCD.

73. Who performs the underwriting/income verification for HPAP?

Response:

HPAP underwriting and income verifications of applicants are conducted by the HPAP Administrator, which for FY 2015 is the Greater Washington Urban League.

74. What formula does DHCD use to calculate the maximum resale value for an ADU? Please describe in detail below.

Response:

The maximum resale value for ADUs is calculated pursuant to the covenant for the ADUs themselves. There have been several iterations of ADU covenants over the years. If a covenant is silent on the method for determining the maximum resale price, DHCD will take the highest of three values:

- The original purchase price
- The price determined by using the Inclusionary Zoning resale formula
- The price determined by referencing the AMI limit in the covenant.

75. What procedures or practices does the agency perform to enhance the public's understanding and comprehension of the resale formula?

Response:

DHCD works with any concerned ADU owner to explain how the maximum resale price is calculated. DHCD staff has sat down with owners to explain the resale calculation process. Owners may make a request at any time for a resale price determination. DHCD is currently updating its website including the Affordable Dwelling Unit pages with information about requesting a maximum resale price request. As DHCD enhances the ADU program, it anticipates greater outreach to ADU owners directly regarding the program, its guidelines and policies and procedures.

76. Does DHCD take input from the community providers and developers to create the formula? Why or why not?

Response:

DHCD can't speak to previous iterations of the ADU covenants and their resale formulas, prior to 2009. However, we can speak to the current resale formula used for both ADU and IZ projects. First, methodologies from other jurisdictions were reviewed. DHCD and OP concluded that the Zoning Commission's requirement that IZ units stay affordable dictated

that the resale formula should be tied to the Area Median Income (AMI). Since the AMI occasionally declines from the previous year, DHCD and OP realized it was necessary to smooth out changes in the AMI. The compound rate of change in the AMI over ten years was chosen for this reason. This formula allows for the IZ (and ADU) owner to potentially realize appreciation even though the AMI may have decreased between two years. Since this formula is based upon a ten year change in the AMI, it would take ten years of decreases in the AMI in order for the formula to produce a resale value that was less than the previous year.

The formula is published like all regulations, first as a proposed rule to receive public comment and then in final form. DHCD received public comment that the formula was too complex. In response, the change to the formula was published in the second proposed IZ regulations on August 2, 2013.

77. Does the agency believe the formula can be simplified or streamlined, to enhance public understanding and transparency of the formula?

Response:

At this time DHCD doesn't anticipate simplifying or streamlining the formula, as it was revised in 2013. DHCD plans to work closer with ADU stakeholders including developers, housing advocates and other District agencies regarding ADU policy. DHCD anticipates increasing outreach to current ADU owners and prospective ADU owners and developers; updating the ADU webpage; providing information to ADU owners about their rights and responsibilities at the time of sale; and enhancing its relationship with the CBOs that conduct income certifications for potential ADU purchasers. Additionally, DHCD is considering the creation of a web based resale calculator in which ADU owners can input information about their unit, capital improvements etc. and receive an estimated resale price. They would still be required to request a maximum resale price from DHCD which requires additional scrutiny and review of the data inputs required to create the maximum price.

78. What is the update on the District Opportunity to Purchase (DOPA) Program?

Response:

DHCD is in the process of drafting regulations which will govern and implement DOPA programmatic functions and processes. To-date, the agency's DOPA working group completed provisions addressing opportunity to purchase, sale contract negotiation, and dispute challenges. The working group is currently drafting programmatic processes and requirements such as the assigning the right to purchase, title requirements, affordability reporting and monitoring, and compliance, enforcement and penalty provisions. DCHD

plans to complete its drafting process by July 31, 2015, and aims to promulgate proposed regulations by September 30, 2015.

Inclusionary Zoning and Affordable Dwelling Units-

79. How do you choose which IZ regulations to apply to new ADUs?

Response:

The Inclusionary Zoning regulations are not being applied to new ADUs. ADUs are governed by their project covenants. The maximum resale price formula as stated in the IZ regulations has been applied in limited instances in which ADU covenants were silent on the maximum resale price calculation.

80. Beginning in FY11, please list below all proposed IZ regulations that are recommended by the agency. Please indicate when the regulations were proposed and which regulations have received public comment.

Response:

- Proposed Rule Change published August 2, 2013
- Second Proposed Rule Change published November 14, 2014
- All proposed rules have received public comments.

81. What is the updated status on the proposed regulations and what is the anticipated timeline for the agency to promulgate the proposed regulations?

Response:

The comments for the November proposed rule are under review currently. DHCD anticipates finalizing its review of the comments within the next 30 days.

Housing Regulation Administration-

82. What is the oversight process for new policies being created by HRA related to resale and rental of for-sale ADUs?

Response:

All administrative policies and procedures go through an administrative review process within the agency. Any proposed changes to the ADU resale calculation formula and the

rental waiver process for homeownership ADUs are to be reviewed by senior staff, the DHCD Director, DMPED and the Mayor's Office.

83. What is the notification process to the public for new policies created by HRA?

Response:

HRA policy issuance is promulgated by notice in the *D.C. Register*, by administrative issuances, and by posting information on DHCD's website.

84. Does the issue of counseling grants and subcontracting to other nonprofits require amendments to CBE legislation?

Response:

The Certified Business Enterprise (CBE) law negatively impacts DHCD's non-profit community partners that assist the Department in providing services that support affordable housing. DHCD awards subgrants of federal Community Development Block Grant (CDBG) funds to non-profit Community Based Organizations (CBOs) that are certified by the U.S. Department of Housing and Urban Development to provide direct counseling and training services to tenants, homebuyers, homeowners and the homeless. The CBE legislation requires that every "non-construction government-assisted project in excess of \$250,000, unless the [DSLBD] by regulation, establishes a specific exemption for a particular type or class of government-assisted project, must subcontract at least 35% of the dollar volume of the government-assisted contract to small business enterprises (SBEs)". See the Small and Certified Business Enterprise Development and Assistance Amendment Act of 2014, D.C. Law 20-0108, D.C. Official Code §2-218.01 *et seq.* ("2014 CBE Amendment"). CBOs that are awarded housing counseling subgrants must subcontract 35% of the total project costs to SBEs.

Under the current CBE law, SBEs are defined as *for profit* entities. DHCD's housing counseling CBOs face a dilemma when they must subcontract for services, the nature of which another nonprofit organization is best qualified to perform; however, the CBO is constrained by the CBE law and must subcontract with a for profit SBE that may not be qualified to provide the services. Although the 2014 CBE Amendment authorizes a process to waive the subcontracting requirements, the case-by-case waiver process imposes an undue administrative burden on the non-profit organization and can add as much as sixty (60) days to the process of finalizing and executing a CBO housing counseling subgrant.

The CBE law does present challenges for DHCD's non-profit housing counseling service providers, but there is a practical and viable solution to these hardships that does not require a statutory amendment. The 2014 CBE Amendment expressly provides that the DSLBD can issue regulations that exempt a particular type or class of government-assisted contracts

from subcontracting requirements. DHCD urges that the DSLBD promulgate regulations that specifically exempt non-profit service contracts/grants from the requirements of the CBE law.

Interagency Council on Homelessness (ICH)-

85. Please describe DHCD's role in the Interagency Council on Homelessness Housing Solutions Committee.

Response:

DHCD's Director serves as the Co-chair of the Interagency Council on Homelessness (ICH) Housing Solutions Committee, along with a community member who is selected from the membership of the ICH. DHCD works with the ICH Executive Director to set the agenda for each meeting, to create committee working groups as necessary, and to utilize the committee to advance the District's goals of preventing and ending homelessness.

The committee has several key deliverables:

- Annual investment priorities (developed in coordination with Strategic Planning Committee as part of Annual Work Plan)
- Consolidated Notice of Funding Availability (NOFA)
- Maintain/update Permanent Supportive Housing (PSH) production pipeline

DHCD works closely with this committee, and with the ICH Strategic Planning Committee to determine annual investment priorities to meet the needs of homeless individuals and families. Additionally, DHCD is the lead agency for the second and third deliverables.

Each year, DHCD issues a NOFA to provide gap financing for affordable housing; through an interagency MOU, this NOFA serves as the vehicle for capital financing, as well as services funding and operational funding for the production of permanent supportive housing units. Participating agencies include the DC Housing Finance Agency, the DC Housing Authority, the Department of Human Services and the Department of Behavioral Health.

DHCD is also responsible for maintaining a pipeline of DHCD-financed units, including permanent supportive housing units.

In addition to the Housing Solutions Committee, DHCD is an active participating member in the ICH Executive Committee, the ICH Strategic Planning Committee and the full ICH.

VII. Housing Production Trust Fund (HPTF)-

86. Please attach a copy of the statutorily required FY13 HPTF Annual Report.

Response:

The FY 13 Annual Report will be available on February 28, 2015. We will forward a copy to Council upon availability.

87. What date will the FY14 HPTF report be completed?

Response:

DHCD anticipates March 10, 2015.

88. Please provide the amount of money spent on administration of the fund in FY14. Please include the total number of FTEs and a breakdown of expenditures.

Response:

Please see Attachment #88

89. Please indicate the balance remaining in the HPTF at the end of the FY12, FY13, and FY14.

Response:

According to the information in CAFR, the balance in the fund is as follows: FY 12- \$74,379,000; FY 13- \$139,730,614; and FY 14- 173,882,704. Please note that these balances include encumbrances/ obligations that were not reported in CAFR.

90. What were the sources of the funds in FY14?

Response:

Deed Recordation and Transfer Taxes - \$46,185,000; Mayor's Housing Initiatives - \$38,966,000; Other Sources- \$10,419,000.

91. How many applications did HPTF receive in FY12 through FY15 to date? Please provide a breakdown for each year.

a. Of these applications, how many applications were approved?

Response:

FY 12 –14; FY 13 –19; FY 14 -16

b. How many applications dropped out?

Response:

FY12- 2; FY 13 – 2; FY 14 - 0

92. Please indicate the total amount of funding in the HPTF in FY14.

Response:

\$95,570,000

93. Please identify all sources of HPTF funding and the amount from each source.

Response:

Deed Recordation and Transfer Taxes - \$46,185,000; Mayor’s Housing Initiatives - \$38,966,000; Other Sources- \$10,419,000.

94. Please provide the total amount used for:

- a. Preservation
- b. Acquisition
- c. Construction, development, and redevelopment
- d. Permanent Supportive Housing (PSH)
- e. Housing for persons at 0-30 percent of AMI (not including PSH)
- f. Housing for persons at 31-50 percent of AMI
- g. Housing for persons at 51-80 percent of AMI

Response:

- a. Preservation: \$16,327,880 (Includes \$14,735,880 in acquisition below)
- b. Acquisition: \$15,635,880
- c. Construction, development, and redevelopment: \$21,205,179
- d. Permanent Supportive Housing (PSH)- This cost was not tracked prior to the interagency MOU. This will be tracked in FY 15
- e. Housing for persons at 0-30 percent of AMI (not including PSH) : \$3,995,245
- f. Housing for persons at 31-50 percent of AMI: \$9,200,312

- g. Housing for persons at 51-80 percent of AMI: \$26,647,502 DHCD is working with Developers to increase the 0 – 50 percent of AMI.

95. Of the units supported by the HPTF, how many are rental and how many are for ownership? How is this percentage determined?

Response:

Rental 615; Coop 189; Home ownership 55. It is determined by request received by DHCD. HPTF is required to have at least 50% of the funds spent on rental units annual.

96. How does DHCD determine the geographical mix of where in the District HPTF are invested?

Response:

The geographical location is not determined by DHCD. It depends on the locations of projects that come in through the RFP. However DHCD encourages applications for developments in some neighborhoods by awarding bonus points.

97. Of the units supported by the HPTF, how many were accessible? How is this number determined?

Response:

5% of the units that are New Construction and Substantial Rehabilitation must be accessible. DHCD's OPM and DFD work together to determine the accessible units needed and to make sure that the Developers comply. FY 2014 42 of the total HPTF units will be accessible when completed. For FY 2014 DHCD did not record any noncompliance.

98. When was the last Consolidated Request for Proposal (RFP) issued?

Response:

April 2014

99. Of that RFP, what amount of HPTF funding was included?

Response:

The RFP stated amount was 70 million but DHCD received more funding after the release of the RFP.

100. Please indicate the current amount of FY15 funding in the Housing Production Trust Fund.

Response:

\$55,183,000 (according to the CFO's estimate)

101. Please identify all sources of such funding and the amount from each source.

Response:

The only source identified now is the Recordation and Transfer Taxes in the amount of \$55,183,000.

102. Please provide the total amount used for:

- a. Preservation
- b. Acquisition
- c. Construction, development, and redevelopment
- d. Permanent Supportive Housing (PSH)
- e. Housing for persons at 0-30 percent of AMI
- f. Housing for persons at 31-50 percent of AMI
- g. Housing for persons at 51-80 percent of AMI

Response:

- a. Preservation- \$14,930,000
- b. Acquisition- \$14,930,000
- c. Construction, development, and redevelopment- \$21,661,497
- d. Permanent Supportive Housing (PSH)- No numbers for FY14. DHCD started tracking in FY 15, after Inter agency MOU executed

- e. Housing for persons at 0-30 percent of AMI- \$5,873,582
- f. Housing for persons at 31-50 percent of AMI-\$839,286
- g. Housing for persons at 51-80 percent of AMI- \$29,878,630

103. What is the amount of HPTF commitments? How does this compare to the amount that is available in the fund?

Response:
\$68,254,304.

104. When will the next Consolidated RFP be released?

Response:
Spring 2015

105. Please indicate the target populations of the next Consolidated RFP and what amount DHCD will contribute from the Housing Production Trust Fund.

Response:
This amount is still being reviewed and determined.

106. Does HPTF have funds available for TOPA sales that come about outside of the RFP process?

Response:
TOPA acquisition is funding on a rolling basis all year round. DHCD also uses other funds for TOPA acquisition, not only HPTF.

107. Please state what is the percentage breakdown for each AMI level on HPTF spending for FY13, FY14, and FY15, to date.

Response:

	0-30	31-50	51-80
FY13	52.1%	35.4%	12.5%
FY 14	10%	23.1%	66.9%

FY 15 (to date) 18.8% 2.0% 79.2%

108. In FY13 and FY14, what percentage of the units were created for 0-30% AMI Housing projects were Permanent Supportive Housing (PSH) units?

Response:

In FY 14, approximately 40% of the units were created for 0-30% AMI.

VIII. Rental Housing Commission (RHC)-

109. What is the mission of the Rental Housing Commission?

Response:

The District of Columbia (D.C.) Rental Housing Commission (Commission) is an independent, quasi-judicial, administrative appeals agency which holds appellate hearings and issues appellate decisions and orders on rent control cases under the Rental Housing Act of 1985, as amended (the “Act”), D.C. Official Code § 42-3501.01, et seq. (2001). The Commission is part of the Executive Branch of the D.C. Government.

The Commission has three statutory functions designed to preserve and increase the supply of quality affordable rental housing, especially for low and moderate income residents of the District of Columbia. These duties include (1) to issue, amend and rescind regulations that are promulgated for enforcement of the Act; (2) to certify and publish the annual adjustment of general applicability to rents and/or rent charged, which adjustment is based upon annual changes (if any) in the Consumer Price Index for the applicable region in which the District of Columbia is located; and (3) to decide appeals brought to the Commission from the Office of Administrative Hearings (OAH) and the Rent Administrator.

The Commission is composed of three (3) Commissioners, one of whom is designated the Chairman by the Mayor. The 3 Commissioners are appointed by the Mayor and approved by the City Council. Each Commissioner must be a member in good standing of the District of Columbia Bar. Although the Commission is an independent instrumentality of the D.C. government, its administrative, operational and budgetary support is provided by the Department of Housing and Community Development (DHCD).

110. How is the role of the Commission being fulfilled?

Response:

The Commission adjudicates appeals brought from decisions and orders of OAH and the Rent Administrator. Commission achievements during FY 2014 have enabled it to process and finalize decisions more efficiently and effectively, continue the reduction in case backlog and provide customer service at the highest level to stakeholders, litigants and the general public. The Commission has reduced the backlog of final decisions in cases from 49 cases to 20 cases in FY 2014, or by more than 60%. It has reduced the backlog in cases which have been in Commission files for over three years from 19 cases to 9 cases, or by more than 50%. The Commission has also reduced the time of processing recently filed appeals from the date of initial filing to the date of the issuance of a final decision by over 35%, from 60 days to less than 30 days. Finally the Commission has reduced the time between the initial filing of an appeal to its scheduled hearing date by 25%, or from 30 days to 3 days.

With respect to appellate cases, the Commission held appellate hearings on 5 cases in FY 2014. The Commission certified and published the annual adjustment of general applicability for calendar year 2014 in the D.C. Register on February 14, 2014.

With respect to its regulations at 14 DCMR §§ 3800-4400 (2004), the Commission did not promulgate (i.e., issue, amend or repeal) any regulations during 2014. As described in the response to question no. 116, the Commission is working to promulgate a single, comprehensive rulemaking regarding 14 DCMR §§ 3800-4400 (2004) to address legislative amendments to the Rental Housing of 1985 and other related laws to be completed by the end of FY'15.

111. Please provide a list of accomplishments for FY14 and FY15 to date.

Response:

FY 2014

- Reduce Backlog of Cases on Appeal - reduced the backlog of cases on appeal from 49 to 20 cases, or by approximately 60%.
 - Reduced the number of cases that were greater than 3 years old from 19 to 9.
- Streamline Case Resolution Process – To date, reduced the time period from the docketing of a Commission appeal (i.e., when the certified record is received from

OAH to the date of the Commission's hearing on the same appeal by fifty percent (50%) (i.e., from 60 days to 30 days);

- To date, reduced the time period from the date of receipt of the certified record from OAH to the date of scheduled Commission hearing by 90%, from 30 days to 3 days.
- Update Commission's Rules and Regulations – In FY' 14, along with newly appointed Commissioner with legislative and regulatory experience, hired new staff attorney with research, drafting and compliance experience in the legal review and drafting of amendments to a variety of District regulations;
 - Commence the drafting of amendments to 14 DCMR §§ 3800-4400 (2004) for public review and comment by the end of FY 2015 in order to assure compliance with amendments to the Act and related District laws.
- Commence Compliance with Open Meeting Act -Drafted and implemented new hearing notice procedures for compliance with Open Meeting Act.
- New Staff Recruitment and Hiring -Hired new staff attorney (on annual contract) in March 2014 for more efficient reduction in case backlog and necessary amendments to the Commission's regulations at 14 DCMR §§ 3800-4400 (2004) for compliance with the Act and other District laws.

FY 2015

- Reduce Backlog of Cases on Appeal – Further reduce the backlog of cases on appeal from 20 cases to 5, or by approximately 60%.
- Reduce the number of cases that are greater than 3 years old from 9 to 4.
- New Staff Recruitment and Hiring – Hired a paralegal (temporary contract) in January 2015 to assist in reducing the case backlog.
- Continue Compliance with Open Meeting Act –Continue compliance, and revise hearing notices if required by the Open Meeting Act.
- Update Commission's Rules and Regulations - By end of FY'15, (1) identify all regulations in 14 DCMR §§ 3800-4400 (2004) which require amendment to comply with amendments to the Act and related District laws, (2) coordinate the Commission's preparation, review and drafting of amendments to 14 DCMR §§ 3800-4400 (2004) with the participation of other stakeholders including OAH, the Office of the Attorney General (OAG) and the Rent Administrator.

112. Please list the current members of the Rental Housing Commission, the dates they began serving as commissioners, and the expiration dates of their terms.

- a. Please list any periods since January 1, 2010, that the Commission was not fully staffed.
- b. Please explain the reasons for any understaffing and how many commissioners there were during each time period of understaffing.
- c. What effect did any understaffing have on the Commission's docket of cases?
- d. What is the current number of cases on the docket?

Response:

Peter B. Szegedy-Maszak, Chairman (commenced service in 2008)

Re-Appointed: December 2, 2014

Term Expires: July 18, 2017

Ronald A. Young, Commissioner (commenced service in 1996)

Appointed: November 1, 2012

Term Expires: July 18, 2015 (by statute there is a 180 day layover, which expires Jan. 17, 2016)

Claudia McKoin, Commissioner (commenced service as of date below)

Appointed: January 7, 2014

Term Expires: July 18, 2016

a. Please list any periods since January 1, 2010, that the Commission was not fully staffed.

January 17, 2010 through January 31, 2011

February, 2011 to August 2011 (Quorum of One - B18-0856/RHC Quorum Temporary Amend Act of 2010, Peter Szegedy-Maszak as sole Commissioner from 2/2011 to 9/2011. Two (2) additional Commissioners were nominated and confirmed in 8/2011, thus, providing the Commission with the statutory requirement of 3 Commissioners.)

January 17, 2014 to February 23, 2014 (Commissioner McKoin took office on February 24, 2014)

b. Please explain the reasons for any understaffing and how many commissioners there were during each time period of understaffing.

Because of a lack of quorum resulting from a number of reasons including the City Council's decision to approve only 1 of the 3 nominees to the Commission by Mayor Fenty for a substantial portion of FY 2010 and a smaller portion of FY 2011, the Commission did not operate and fulfill its statutory duties for a period of 1 year from January 17, 2010 to January 31, 2011. During this period, the sole staff person employed by the Commission was LaTonya Miles, who served as contact representative with administrative duties including the processing of requests for appeals. (Ms. Miles is currently appointed the Clerk of the Court.) By the Quorum Temporary Amendment Act of 2010, the City Council temporarily reduced the Commission's quorum requirement from 2 Commissioners to 1, thereby permitting Peter Szegedy-Maszak, the only Commissioner nominated by Mayor Fenty and approved by the City Council in 2010, to resume the statutory functions of the Commissions under the Act. In August of 2011, the City Council approved incoming-Mayor Gray's nominations of 2 members for the Commission, which resulted in the restoration of the Commission's customary statutory functions and operations. Since August 2011 to date, the Commission has operated with 3 Commissioners required by the Act.

c. What effect did any understaffing have on the Commission's docket of cases?

Understaffing of Commissioners from January 17, 2010 to January 31, 2011 had 2 major negative consequences: (1) the Commission was unable to prepare and issue final decisions and orders for existing cases in the Commission's backlog; and (2) the Commission was unable to conduct hearings and issue orders and decisions on newly filed appeals. As of the end of FY 2010, the Commission's backlog of cases for which final decisions or orders were required or for which initial hearings were required amounted to a total of approximately 97. With 10 new appeals filed between the end of FY 2010 and January 31, 2011, the total number of cases in the backlog at the time that the temporary single member Commission commenced was approximately 107.

113. The Commission is responsible for deciding appeals to decisions of the Rent Administrator and the Office of Administrative Hearings (OAH).

a. What is the current total appeals caseload?

- b. How many cases were opened by the Rental Housing Commission in FY14, and FY15 to date? Please include a breakdown of the status of those cases (e.g., number of appeals heard, cases settled, and cases decided)?
- c. Among the decisions issued, how many OAH and Rent Administrator decisions were upheld/overturned?
- d. Were there any trends in the subject matter of decisions that were appealed or overturned? Please provide the breakdown of the types of cases brought before the Commission.

Response:

What is the current total appeals caseload?

Appeals awaiting Certified Record (from OAH): 3
 Appeals Pending Hearing: 8
 Appeals Pending Decision Backlog: 14

How many cases were opened by the Rental Housing Commission in FY14, and FY15 to date? Please include a breakdown of the status of those cases (e.g., number of appeals heard, cases settled, and cases decided)?

<u>FY 14</u>	<u>FY 15</u>
Number of Appeals Heard: <u>5</u>	Number of Appeals Heard: <u>0</u>
Cases Settled: <u>1</u>	Case Settled: <u>0</u>
Cases Decided: <u>24</u>	Cases Decided: <u>7</u>

Among the decisions issued, how many OAH and Rent Administrator decisions were upheld/overturned?

<u>FY 14</u>	<u>FY 15</u>
Upheld: <u>16</u>	Upheld: <u>2</u>
Overturned: <u>8</u>	Overturned: <u>5</u>

Were there any trends in the subject matter of decisions that were appealed or overturned?

There are two major issues that resulted in remand during 2014: Miscalculation of damages under the Act; and Failure to make findings of fact/conclusions of law on each contested issue in the case, or the Commission was unable to determine the record support for finding of fact/conclusions of law, or an OAH judge or the Rent Administrator made an error of law in interpreting or implementing the Act or its regulations.

114. What is the average time it takes to resolve a case brought before the Commission, from the time of complaint to a court issuing a decision?

Response:

The average time to dispose of a case by the Commission is 30 to 45 days.

115. Does the Commission make its decisions available online? If not, what are the Commission's plans (if any) to begin doing so?

Response:

The Commission's decisions are posted currently on the legal research engine, LexisNexis. Thus, they are available to anyone having access to this specific search engine. The Commission is in the process of working with DHCD's public information staff to devise a mechanism to publish Commission decisions and orders on available to the general public via DHCD's website.

116. The Commission is tasked with issuing, amending and rescinding regulations required to enforce the Rental Housing Act of 1985.
- a. Please list all outstanding regulations required for up-to-date enforcement of the Rental Housing Act of 1985. If there are other outstanding regulations, when will they be promulgated?
 - b. How many regulations were promulgated during 2014?
 - c. Does the Commission intend to rescind any regulations?

Response:

a. Please list all outstanding regulations required for up-to-date enforcement of the Rental Housing Act of 1985. If there are other outstanding regulations, when will they be promulgated?

As noted, the Commission's regulations are found in Title 14 (Housing), DCMR, chapters 38 through 44. Legislative changes have substantially amended certain provisions of the Act and the procedures for administrative adjudications of disputes under the program, and the Commission is in the process of a comprehensive amendment of its regulations to be ready for public comment and review in early FY 2016. The most significant legislative amendments accomplished the following:

1. The separate legal concepts "rent ceilings" and "rents charged" were replaced with a unitary system of adjustments in "rents charged;"
2. Jurisdiction over hearings on contested cases was transferred to OAHs; and
3. The Commission, the Rent Administrator, and the Rental Accommodations Division were transferred from the Department of Consumer and Regulatory Affairs (DCRA) to DHCD.

Because the Commission has devoted a substantial portion of its work, time and resources to reducing and eliminating its significant backlog of cases by over 80%, the amendments to the Act and related laws are currently being incorporated into amendments to Title 14 (Housing), DCMR, chapters 38 through 44. The Commission is in the process of drafting a comprehensive rulemaking to update all regulations to reflect current law, to clarify the language and structure of the regulations, and to improve administrative and adjudicative processes under the Act. Other amendments to the Commission's regulations are being incorporated as a result of published decisions of the D.C. Court of Appeals arising from cases under the Act. The Commission intends to publish a notice of proposed rulemaking before the close of FY 2015.

b. How many regulations were promulgated during 2014?

The Commission did not promulgate any regulations during FY 2014. As described under item a. above, the Commission is in the process of drafting a comprehensive rulemaking to update all regulations to reflect current law, to clarify the language and structure of the regulations, and to improve administrative and adjudicative processes

under the Act. In short, the Commission is working to promulgate a single, comprehensive rulemaking to address the amendments to the Act and related laws.

c. Does the Commission intend to rescind any regulations?

As detailed under item a. above, the Commission is in the process of drafting a comprehensive rulemaking to update all regulations to reflect current law, to clarify the language and structure of the regulations, and to improve administrative and adjudicative processes under the Act. As part of this process, certain regulations will be rescinded and may or may not be replaced. For example, the Commission currently anticipates that chapter 40 (Rental Accommodations Division Hearings) will be repealed in its entirety, as the contested case hearing function has been transferred to OAH. However, some aspects of this chapter may be transferred to chapter 39 (Rental Accommodations] Division), because the Rental Accommodations Division and the Rent Administrator retain jurisdiction over some aspects of the petition process and filing of rent adjustments.