



Department of Housing and Community Development (DHCD) FY2016 Performance Accountability Report (PAR)

Introduction

The Performance Accountability Report (PAR) measures each agency's performance for the fiscal year against the agency's performance plan and includes major accomplishments, updates on initiatives' progress and key performance indicators (KPIs).

Mission

The mission of the Department of Housing and Community Development (DHCD) is to create and preserve opportunities for affordable housing and economic development and to revitalize underserved communities in the District of Columbia.

Summary of Services

Rental Conversion and Sale Division: Administers the Rental Housing Conversion and Sale Act of 1980 and the Condominium Act of 1976. Housing Regulation Administration: Administers residential housing regulations relating to condominium and cooperative conversions, rent adjustment procedures, licensing and other related matters. HRA also manages the Housing Resource Center. Development Finance Division: Provides funding for the development of rental, homeownership and community facility developments that serve District of Columbia neighborhoods. Property Acquisition and Disposition Division: Stabilizes neighborhoods by decreasing the number of vacant and abandoned residential properties in the District, and transforming vacant and/or abandoned residential properties into homeownership opportunities or District of Columbia residents at all income levels. Residential and Community Services Division: Provides funding for programs focused on housing needs and neighborhood revitalization. Portfolio and Asset Management Division: Manages the allocation of Low Income Housing Tax Credits and provides portfolio management oversight to outstanding loans. Office of Program Monitoring: Conducts oversight and reviews of DHCD projects and funding recipients. Rental Housing Commission: Charged with enforcing the Rental Housing Act of 1985.

Overview – Agency Performance

The following section provides a summary of DHCD performance in FY 2016 by listing DHCD’s top accomplishments, and a summary of its progress achieving its initiatives and progress on key performance indicators.

Top Agency Accomplishments

| Accomplishment | Impact on Agency | Impact on Residents |
|--|--|---|
| Annually submit a budget that requests \$100 million of new Housing Production Trust Funds (millions) and commit \$100 million of Housing Production Trust Fund. | The accomplishment boosted morale in the Agency, especially in the Development Finance Division and General Counsel Office. In addition, the accomplishment demonstrated to the affordable housing stakeholders, including financial institutions, that DC can close on \$100 million in one fiscal year, so they can be assured that if they invest in DC, DHCD can deliver. | FY17 proposed and submitted budget included \$100 million in Housing Production Trust Funds. In addition, for the first time, DHCD closed on the financing of \$106 million of Housing Production Trust Funds in one fiscal year. The \$106 million financed the production and/or preservation of 1210 units and will help 2600 residents have an affordable place to call home. |
| DHCD completed the work of the DC Housing Preservation Strike Force (Strike Force), created by Mayoral Order in June 2015, including the release of an Interim Report and a Final Report (11/9/16). The Strike Force serves as an advisory group to address and propose actions to preserve existing affordable housing stock. | DHCD will be charged with leading the implementation of the Strike Force 6 point plan to preserve affordable housing in Washington, DC. The plan will: 1) establish a preservation unit; 2) create a public-private preservation fund; 3) expand resources to preserve small properties; 4) adopt regulations for the District Opportunity to Purchase Act; 5) advance preservation through the Tenant Opportunity to Purchase Act; and 6) enhance programs to allow low income seniors to age in place. | The Mayor’s goal is for all residents - no matter their background, income, or ZIP code - to be able to afford to live in Washington, DC, so we are using all the tools at our disposal to produce affordable housing in all 8 wards. In FY 2016, DHCD spent a record \$106 million in HPTF funding. That’s more than any other city in the country spends. But production is only half of the equation. Preservation of affordable housing is also critically important to making the District a welcoming, inclusive place for everyone. The Strike Force learned that 13,000 affordable housing units built using federal and local subsidies are threatened by expiring covenants that keep them affordable. By completing the work of the Strike Force and releasing a 6 point plan, DC will have a strategy to preserve affordable housing in DC. |
| DHCD assisted 225 households purchase a home using the Home Purchase Assistance Program, Negotiated Employee Housing Assistance Program and Employee Housing Assistance Program. | The Agency will look for ways to improve the Home Purchase Assistance Program, Negotiated Employee Housing Assistance Program and Employee Housing Assistance Program in FY17 so that the Agency can reach 300 families. | Advancing homeownership in DC assists families create wealth. DHCD is proud to assist 225 families as they chose to buy their first home in DC and call DC home. |

In FY 2016, DHCD had 62 Key Performance Indicators. Of those, 5 were neutral, and another 2 were not able to be reported by the end of the fiscal year. Of the remaining measures, 58% (32 KPIs) were met, 7% (4 KPIs) were nearly met, and 35% (19 KPIs) were unmet. In FY 2016, DHCD had 5 Initiatives. Of those, 40% (2) were completed and 60% (3) were nearly completed, and 0% (0) were not completed. The next sections provide greater detail on the specific metrics and initiatives for DHCD in FY 2016.

FY16 Objectives

| Division | Objective |
|----------|---|
| DHCD | Produce, preserve and protect 7500 affordable housing units by 2018, so that current and future residents can call DC home - regardless of income level |
| DHCD | Transform vacant/blighted properties that spur community revitalization efforts in underserved communities |
| DHCD | Promote community development activities |

FY16 KPIs

Objective: Produce, preserve and protect 7500 affordable housing units by 2018, so that current and future residents can call DC home - regardless of income level

| Measure | Target | Freq | Q1 | Q2 | Q3 | Q4 | Total | KPI Status | KPI Barriers |
|--|--------|------|-------|-------|-------|-------|-------|------------|--|
| Percentage of hardship petitions transferred to OAH within 70 days | 95 | Q | | | | | | | |
| Percentage of initial orders issued on hardship petitions within 30 days of receipt | 95 | Q | | | | | | | DHCD did not receive any hardship petitions. |
| Percentage of affordable housing units competitively evaluated and advancing to underwriting in the respective FY, that are highly sustainable and meet the Green Communities criteria | 100 | A | | | | 100 | 100 | Met | |
| Percentage of all required financial reviews completed | 50 | A | | | | 100 | 100 | Met | |
| Number of appeals cases > 3 years old | 6 | A | | | | 1 | 1 | Met | |
| Average Number of days for compliance review | 50 | A | 40 | 40 | 40 | 29.8 | 37 | Met | |
| Average Number of calendar days between hearing of new case and final decision | 90 | A | | | | | 30.8 | Met | |
| Number of special units funded (elderly, disabled, and homeless units) | 400 | Q | 186 | 256 | 30 | 304 | 776 | Met | |
| Percentage of notifications provided to IZ owners within 7 days after lottery is held | 95 | Q | 100 | 100 | 100 | 100 | 100 | Met | |
| Percentage of loans more than 30 calendar days delinquent | 1.91 | Q | 0.99 | 2.23 | 1.55 | 1.78 | 1.6 | Met | |
| Percentage of loans in default | 12 | Q | 11.38 | 12.15 | 11.08 | 12.42 | 11.8 | Met | |
| Number of loans moved from delinquent to correct status | 60 | Q | 10 | 12 | 22 | 26 | 70 | Met | |
| Percentage of DC Preservation Network meetings attended | 80 | Q | 100 | 66.67 | 66.67 | 100 | 81.8 | Met | |
| Number of appeals disposed | 10 | Q | 4 | 7 | 2 | 4 | 17 | Met | |
| Percentage of hearings scheduled within 30 day requirement | 95 | Q | 100 | 100 | 100 | 100 | 100 | Met | |
| Number of compliance reviews completed | 120 | Q | 97 | 40 | 32 | 29 | 198 | Met | |
| Percentage of Fair Housing reviews completed within stated timelines | 98 | Q | 100 | 100 | 100 | 100 | 100 | Met | |
| Number of required physical inspections and file reviews of units conducted annually | 1,500 | Q | 291 | 279 | 846 | 611 | 2,027 | Met | |
| Number of affordable housing units funded (Residential and Community Services) | 435 | Q | 68 | 79 | 68 | 289 | 504 | Met | |
| Number of Single Family Rehab units funded | 50 | Q | 6 | 14 | 15 | 15 | 50 | Met | |
| Number of Residential Rehab Special Needs units funded | 15 | Q | 2 | 4 | 4 | 7 | 17 | Met | |

| | | | | | | | | | |
|--|--------|---|--------|--------|-------|-------|--------|------------|---|
| Number of District employee homebuyers funded by EHAP | 80 | Q | 18 | 19 | 16 | 36 | 89 | Met | |
| Number of District employee homebuyers funded by NEAHP | 25 | Q | 8 | 4 | 6 | 8 | 26 | Met | |
| Number of Housing Counseling Sessions | 15,000 | Q | 11,083 | 10,113 | 6,495 | 5,045 | 32,736 | Met | |
| Number of HPAP Special Needs units funded | 0 | Q | 0 | 0 | 0 | 0 | 0 | Met | |
| Number of units funded by homebuyer programs | 225 | Q | 52 | 53 | 45 | 76 | 226 | Met | |
| Number of first-time homebuyers funded by HPAP | 225 | Q | 51 | 49 | 42 | 70 | 212 | Nearly Met | DHCD met total households served at 225, including households who participated in the NEHAP and EHAP program. |
| Percentage of loans in good standing from previous quarter | 92 | Q | 88.62 | 87.85 | 88.92 | 87.6 | 88.2 | Nearly Met | Staffing constraints impacted the Portfolio and Asset Management Division (PAMD) during FY 2016. PAMD operated with one Housing Financial Analyst for the last 9 months of the fiscal year which resulted in priorities more focused on deal flow. In addition, delinquency protocols, and the enforcement thereof, were also impacted by the significant transaction volume during the year, resulting in minor decline in performing loans. |

| | | | | | | | | | |
|--|----|---|-----|-----|----|----|------|------------|---|
| Percentage of certified cases assigned to Commissioner within 14 calendar days | 90 | Q | 100 | 100 | 50 | 75 | 88.9 | Nearly Met | <p>The delay was caused by (1) the appellant sought new counsel after filing the appeal (which took several days); and (2) since the Commission encourages settlement of litigated appeals by the parties in order to avoid time-consuming litigation before the Commission, the parties engaged in unsuccessful settlement negotiations after the appeal was filed which also took several days. Immediately upon the resolution of the above 2 issues, the appeal was assigned to a Commissioner and a Commission hearing was scheduled.</p> <p>Both of the reasons above for the Commission's apparent delay were based upon actions by the parties that were permitted by the Commission's regulations, that were beyond the Commission's control to regulate, and required time to resolve by the parties. Once resolved by the parties, the Commission acted immediately to assign their case to a Commissioner for processing and review, and to schedule a hearing.</p> |
|--|----|---|-----|-----|----|----|------|------------|---|

| | | | | | | | | | |
|---|----|---|----|----|------|------|------|-----------------|---|
| Percentage of environmental reviews conducted within 45 days | 95 | Q | 97 | 90 | 87.5 | 93.1 | 93.7 | Nearly Met | The OPM Environmental team experienced a higher workload in 2016 in order to address federal and local project delivery priorities, while OPM engaged business process improvements thus extending the cycle time for reviews. |
| Number of Fair Housing site inspections conducted | 35 | Q | 5 | 7 | 4 | | 16 | Neutral Measure | |
| Percentage of new affordable housing units within an area WalkScore of 70 or higher | 80 | A | | | | 50 | 50 | Unmet | DHCD does not control project proposals. This KPI is largely dependent upon market forces. DHCD, however, does provide 5 additional incentive points in its semi-annual Request for Proposal process to encourage projects proximate to transit. Staffing constraints impacted the Portfolio and Asset Management Division (PAMD) during FY 2016. PAMD operated with one Housing Financial Analyst for the last 9 months of the fiscal year which resulted in priorities more focused on deal flow. |
| Percentage of multi-family properties risk-rated | 50 | A | | | | 39.4 | 39.4 | Unmet | In addition, delinquency protocols, and the enforcement thereof, were also impacted by the significant transaction volume during the year, resulting in minor decline in performing loans. |

| | | | | | | | | | |
|--|-------|---|-------|-----|-----|-------|-------|-------|---|
| Percentage of TOPA/Co-Op Multifamily properties in non-compliance for financial reporting reviews | 25 | A | | | | 79.03 | 79 | Unmet | Staffing constraints impacted the Portfolio and Asset Management Division (PAMD) during FY 2016. PAMD operated with one Housing Financial Analyst for the last 9 months of the fiscal year which resulted in priorities more focused on deal flow. In addition, delinquency protocols, and the enforcement thereof, were also impacted by the significant transaction volume during the year, resulting in minor decline in performing loans. |
| Percentage of orders issued on voluntary agreement petitions within 45 days | 90 | Q | 33.33 | 100 | 0 | | 33.3 | Unmet | |
| Percentage of final orders issued in 90 days without OAH hearing | 95 | Q | | | 0 | | 0 | Unmet | |
| Number of Healthy Homes units funded | 65 | Q | | 0 | 0 | 0 | 0 | Unmet | Program did not launch |
| Number of affordable housing units funded (new and rehab) | 1,900 | Q | 237 | 356 | 270 | 265 | 1,128 | Unmet | KPI is dependent upon the market. DHCD cannot control the number of projects that apply for funding and meet threshold. |
| Number of homeownership units funded | 200 | Q | 0 | 0 | 0 | 116 | 116 | Unmet | KPI is dependent upon the market. DHCD cannot control the number of projects (and number of homeownership units) proposed for funding that meet all threshold requirements. |
| Number of First Right Purchase Assistance Program (tenant purchase) units funded - FRP New and Rehab Units | 190 | Q | 10 | 0 | 0 | 106 | 116 | Unmet | KPI is dependent upon the market. DHCD cannot control the number of projects (and number of TOPA units) proposed for funding that meet all threshold requirements. |

| | | | | | | | | | |
|--|-------|---|-------|-----|----|-------|------|-------|---|
| Total affordable housing units rehabilitated | 1,000 | Q | 18 | 356 | 14 | 293 | 681 | Unmet | KPI is dependent upon the market. DHCD cannot control the number of projects (and number of rehab projects) proposed for funding that meet all threshold requirements. |
| Percentage of IZ lotteries conducted within 17 calendar days of receiving notice of availability | 95 | Q | 66.67 | 50 | 90 | 88.89 | 81.5 | Unmet | Our challenges include: 1) significant staff changes, including 2 current vacancies we're trying to fill; and 2) the number of lotteries is increasing rapidly and the IZ program's software is still what was used when the program originated, while the number of households receiving notices has increased exponentially. The lottery process is very labor intensive and time consuming, which could be greatly improved with new software, which we're looking into. |

| | | | | | | | | | |
|--|----|---|-------|-------|-------|-------|------|-------|---|
| Percentage of condo registration applications processed within 60 days | 95 | Q | 90.38 | 72.09 | 74.51 | 78.05 | 78.9 | Unmet | The Division experienced operational challenges in FY 2016, which impacted its ability to fulfill KPI objectives. First, the division experienced staff turnover during the fiscal year, diminishing the division's capacity to timely review applications. Second, staff typically missed review deadlines by 1-2 days. Both of these issues were addressed; the agency hired a new specialist in May 2016 and a calendar tracking system was implemented to assist reviewers in being mindful and compliant with application deadlines. |
| Number of Lead Safe Washington units funded | 60 | Q | 10 | 12 | 8 | 5 | 35 | Unmet | 75 Units |
| Number of District homebuyers funded by HUD 203(k) loans | 20 | Q | 1 | 1 | 0 | 2 | 4 | Unmet | 0 |

| | | | | | | | | |
|---|----|---|----|----|---|---|------|-------|
| Percentage of structural defect warranty claim notices processed within 45 days | 95 | Q | 25 | 25 | 0 | 0 | 14.3 | Unmet |
|---|----|---|----|----|---|---|------|-------|

The Division experienced staffing turnover during the fiscal year, with the departure of a specialist and the hiring of a replacement staff member. Consequently, there was only one seasoned specialist working on new and ongoing warranty claims during the fiscal year. Claims are highly work-intensive and there are a high volume of ongoing claims which are monitored and processed, at times with precedence over newly-filed claims. With two staff members currently assigned to review warranty claim cases, the Divisions anticipates that it will timely process new claims in FY 2017.

Objective: Promote community development activities

| Measure | Target | Freq | Q1 | Q2 | Q3 | Q4 | Total | KPI Status | KPI Barriers |
|--|--------|------|-------|-----|-------|-----|-------|-----------------|--------------|
| Number of Davis Bacon eligible inspections | 65 | Q | 63 | 34 | 34 | 39 | 170 | Met | |
| Number of Small Business Technical Assistance Sessions | 1,500 | Q | 1,037 | 826 | 1,801 | 413 | 4,077 | Met | |
| Number of Section 3 Jobs Created | 15 | Q | 4 | 23 | 2 | 0 | 29 | Met | |
| Number of Davis Bacon deficiencies noted | 80 | Q | 3 | 0 | 0 | 0 | 3 | Neutral Measure | |
| Number of Davis Bacon site visits | 175 | Q | 63 | 34 | 34 | 39 | 170 | Neutral Measure | |
| Number of Section 3 Business Concerns certified | 15 | Q | 2 | 2 | 4 | 2 | 10 | Neutral Measure | |
| Number of storefront facades improved | 40 | Q | 10 | 7 | 6 | 3 | 26 | Unmet | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|-------|---|
| Number of Community Housing Development Organizations (CHDOs) certified/recertified | 6 | Q | 2 | 0 | 0 | 1 | 3 | Unmet | Certification is subject to HUD regulation. Lack of paid, full-time staff of the nonprofit and proven construction experience are generally the biggest limitations of new applicants who do not meet federal requirements. |
|---|---|---|---|---|---|---|---|-------|---|

Objective: Transform vacant/blighted properties that spur community revitalization efforts in underserved communities

| Measure | Target | Freq | Q1 | Q2 | Q3 | Q4 | Total | KPI Status | KPI Barriers |
|--|--------|------|----|----|----|---------|-------|-----------------|---|
| Number of total properties acquired in targeting commercial corridors | 2 | Q | | 2 | 0 | 1 | 3 | Met | |
| Number of properties recaptured from developers or transferees | 3 | Q | 1 | 0 | 1 | 0 | 2 | Met | |
| Number of properties disposed via solicitation for offer | 10 | Q | 0 | 0 | 25 | 5 | 30 | Met | |
| Number of affordable housing units created through acquisition of abandoned properties | 6 | Q | 0 | 6 | 0 | 7 | 13 | Met | |
| Number of properties for which disposition agreements were executed | 9 | Q | 1 | 1 | 19 | 7 | 28 | Met | |
| Targeted Average cost per property of acquisitions | 75,000 | A | 0 | | | 524,208 | | Neutral Measure | |
| Number of properties acquired | 14 | Q | | 2 | 0 | 6 | 8 | Unmet | The target number is a maximum acquisition number given the resources we have available (i.e. staff). We are in the process of acquiring 6-8 properties in the active tax foreclosure status. Had these gone through prior to September 30, DHCD would have met the goal for FY16. Much of this process is out of our control and in the hands of the court and any interested parties. |

| | | | | | | | | | |
|----------------------------------|---|---|---|---|---|---|---|-------|---|
| Number of Turn-Key units created | 3 | Q | 0 | 1 | 0 | 0 | 1 | Unmet | <p>Though DHCD only completed 1 project, PADD has multiple active turn-key sites in the pipeline: 4 commercial buildings, 1 large redevelopment site as part of the Maple View Flats project, and 2 other stabilization sites. PADD is also in process of procuring three feasibility studies for recently acquired properties.</p> |
|----------------------------------|---|---|---|---|---|---|---|-------|---|

FY16 Workload Measures

| Measure | Freq | Q1 | Q2 | Q3 | Q4 | Total |
|---|------|-------|-------|-------|-------|-------|
| Number of applications for financial assistance | A | 30 | 0 | 35 | 15 | |
| Number of properties in PADD's inventory | A | 153 | 154 | 155 | 161 | 161 |
| Number of loans in portfolio | A | 7,568 | 7,615 | 7,665 | 7,744 | 7,744 |
| Number of customers who utilize the Housing Resource Center | Q | 1,585 | 1,614 | 1,699 | 1,634 | 6,532 |
| Number of Inclusionary Zoning units built | Q | 60 | 10 | 76 | 37 | 183 |
| Number of internal and external environmental reviews requested | Q | 97 | 33 | 32 | 29 | 191 |
| Number of loan subordination requests | Q | 51 | 43 | 34 | 44 | 172 |
| Number of Rental Housing Commission cases received | Q | 6 | 3 | 4 | 9 | 22 |
| Number of HPAP applications | Q | 122 | 153 | 253 | 170 | 698 |

FY16 Initiatives

Title: Maintain \$100 million and invest in the Housing Production Trust Fund

Description: Annually submit a budget that requests \$100 million of new Housing Production Trust Funds (millions) and commit \$100 million of Housing Production Trust Fund. Committed funds will meet all statutory requirements.

Complete to Date: 75-99%

Status Update: Submitted \$100 million in FY17 Budget; identified 12 new projects to move forward in underwriting from RFP due in Fall 2015 with a total request of over \$80 million. Released a second RFP on March 31, 2016. DHCD is in the process of underwriting; Better meeting the 40, 40, 20 rule of HPTF statutory requirements.

Title: Remove vacant and blighted properties in targeted neighborhoods for affordable housing

Description: Through DHCD's acquisition and disposition authority, the Agency will transform vacant and blighted properties into community assets. As part of this initiative, the Agency will invest in the acquisition of the properties, create a list of qualified developers to purchase the properties at a steep discount, and return the property to a productive use with affordable housing opportunities and link the initiative to other housing programs, such as the Home Purchase Assistance Program.

Complete to Date: Complete

Status Update: Acquired 6 properties, including one in the Kennedy Street Commercial Corridor; executed a property disposition agreement for 7 vacant lots; obtaining feasibility studies on 3 of the 6 properties acquired; received 11 proposals for 4 Solicitations for Offer and currently evaluating; stabilizing 4 commercial properties at the Anacostia Gateway location

Title: Preserve affordable housing to create balanced growth opportunities in all eight wards

Description: Carryout the work of the DC Housing Preservation Strike Force (Strike Force), created by Mayoral Order in June 2015. The Strike Force serves as an advisory group to address and propose actions to preserve existing affordable housing stock. The Strike Force is expected to produce reports addressing the current preservation situations by April 30, 2016. DHCD shall continue to organize and provide staff support for the Strike Force, submit reports to Mayor inclusive of recommendations for adoption and develop a plan to implement adopted Strike Force recommendations during Fiscal Year 2016.

Complete to Date: 75-99%

Status Update: Strike Force has met 10 times as a whole and 4 times in committee since September 30, 2015; produced an interim report to the mayor that included preliminary policy recommendations and goals. Final report under review by City Administrator. To be submitted to Mayor once internal processes are finalized.

Title: Create Opportunities for Senior to Age In Place

Description: Partner with the DC Office on Aging to develop and implement a new home adaptation program called the Safe at Home program. The program promotes aging-in-place for older adults (60 years and older) and people with disabilities (18 to 59 years old) by providing up to \$10,000 in home accessibility adaptation grants to reduce the risk of falls and reduce barriers that limit mobility. Program participants work with an Occupational Therapist to identify potential fall risks and mobility barriers in their home and then work with a general contractor to begin installing modifications and equipment to address them. In FY16, the Pilot Program is expected to assist 100 households.

Complete to Date: Complete

Status Update: DHCD and the Office on Aging (OA) executed a Memorandum of Understanding (MOU) in early FY16. Per this MOU, DHCD provided OA \$1 million to implement the program. DHCD's role is complete. OA is currently implementing the pilot. Both Agencies will evaluate after pilot completion.

Title: Create new affordable rental and homeownership opportunities

Description: Create new affordable rental and homeownership opportunities across all 8 Wards.

Complete to Date: 75-99%

Status Update: DHCD released 2 funding announcements this FY, launched an online portal for organizations to submit their application, funded over 800 units of affordable housing for development projects, provided nearly 150 households with down payment assistance and 65 households with rehab/lead abatement assistance. DHCD is also working internally to improve the delivery of grants and loans.