

DCAR Official Oral Comments – Follow-up with Written Comments

B21-527, the "Vacant and Blighted Buildings Enforcement Amendment Act of 2015"

B21-598, the "Vacant Property Enforcement Amendment Act of 2016"

B21-689, the "Homeowners Protection from Construction Damage Amendment Act of 2016"

Good morning, Chairman Orange and members of the Committee. My name is Brenda Tobe and I am testifying on behalf of the District of Columbia Association of REALTORS®. DCAR represents nearly 2,700 REALTORS® and real estate professionals licensed in the District of Columbia. We are also a voice for homeowners, buyers, sellers and smaller housing providers.

DCAR understands you have a full plate of bills. Today, we focus on highlighting provisions we support and those with which we have concerns in the *Vacant and Blighted Property Bills*, the *Homeowner's Protection Bill* and the *Fine Infraction Bill*. We will follow-up with more detailed written testimony after we've had an opportunity to fully understand any alternative proposals.

First, we commend Director Bolling for her thoughtful comments yesterday! **She and her staff have been extremely diligent in their efforts to personally address consumers and it is a TOUGH job!** The "You Own it" initiative seems like a particularly good policy at DCRA, as one of the main concerns folks have had is receiving multiple answers to their questions. "You Own It" tells our members that DCRA is committed to improving their operations and have been listening to the public.

Moving on to the vacant and blighted property bills – DCAR fully understands the Council's concern with blighted properties. However, private property rights are critical and should not be encroached upon unless the property is a clear blight to the community.

For example, if someone is away for work or spends the winter in Florida with family, that should be much less of a concern than if property has been ill maintained and has a number of housing violations. We recommend that any legislation you move forward be aimed at addressing **blighted properties** most immediately.

The proposal for incentives such as tax abatements to move these properties could be extremely effective tools. Particularly for those properties that may be overdue on taxes, this could really help those owners who want to make improvements but can't afford to do so. For those properties in the tax sale process, abatements could incentivize buyers who might not be able to afford paying them off.

With regards to the exemptions allowed for vacant properties –we have concerns with limiting the exemption time period for properties that are tied up in probate or other court procedures. The owners can't control how long these administrative processes can take and forcing them to pay more in taxes would be unduly punitive. The mandatory monitoring of the water meters also strikes us as something that should not be mandated by law. It could actually deter more useful investigations by DCRA on truly blighted properties.

Next, the Homeowner Protection Bill—we fully support the intent of the legislation, however, we understand that DCRA has an alternative proposal that they've taken a significant amount of time and resources to review. While we are not prepared to comment on that proposal today, we absolutely encourage the Committee to have working groups with DCRA and stakeholders to thoroughly review the idea before moving forward on something that may not be enforceable or could have unintended consequences.

Overall, it is critical that any legislation passed to address the very serious issue of illegal construction be fully vetted with DCRA and stakeholders on the front end to ensure effective implementation.

We do particularly support the tracking provision discussed yesterday. Bad actors must be accountable for shoddy work, and consumers need additional access to information aimed at identifying them. 'Shadow operations', or those cases in which LLCs are formed solely per project, have unfortunately become a problem for future homebuyers trying to track any work that was done to their homes. There must be a way to have more transparency and public availability of information.

Further, we understand DCRA's proposal does include more education and accountability for those performing construction projects. As long as this can be done in a streamlined way that doesn't hold projects up, it could be effective and helpful. We are happy to work with Chairman Orange on seeing how other jurisdictions have addressed that.

A final note on the Fine Infraction Bill – we do understand that there may be certain fines that are disproportionate to the infractions. Those that are major violations and would subject homeowners to extremely dangerous conditions should be the only ones increased. Even if this might not deter bad actors entirely, a greater financial hit might cause them to at least be more careful in their operations.

In conclusion, we again thank you for your diligence in addressing the issues you have before you today. We look forward to continuing working together with DCRA on practical solutions.

***DCAR Official Oral Comments - Committee on Business Consumer and Regulatory Affairs
DCAR Oversight Roundtable – Written to Follow-up***

Good morning, Chairman Orange and members of the Committee. My name is Stacey Barton and I am testifying on behalf of the District of Columbia Association of REALTORS®. DCAR represents nearly 2,700 REALTORS® and real estate professionals and are also a voice for homeowners, buyers, sellers and smaller housing providers.

Overall, DCAR commends the Committee for maintaining its commitment to oversight of the District's regulatory system. We also know DCRA has been extremely receptive in addressing public concerns, as well as forthcoming with new proposals to upgrade and improve the efficiency of their operations. Our comments today express some of our membership's recommendations towards these ends and we will follow-up with more detailed written testimony.

Illegal Construction Inspections

First, DC has unfortunately experienced an influx of illegal construction projects. The negligent work done by these bad actors is often not immediately discernable and, at worst, goes unnoticed until something terrible happens. This puts homeowners in extremely dangerous positions, as well as subjects a number of innocent parties to liability. Perhaps what is most concerning is that the culprits have figured out ways to manipulate the system in such ways that it makes it nearly impossible to track down their identities.

To address these serious problems, a multi-pronged approach is necessary. Many of those doing illegal construction are circumventing the inspection process entirely. It becomes extremely difficult to police if they are not even bothering to get inspections. A very widespread education campaign would be helpful for members of the public to understand what they should and should not be seeing when there is construction being done to their homes.

Additionally, tracking the identity of those doing constructions projects is key. We understand there are a number of logistical obstacles, however, a user-friendly online mechanism is needed for consumers. For example, listing all of the previous LLC's of a principal, along with any formal complaints or violations online would be helpful. We also suggest exploring ways in which we can shorten the time between a real estate purchase closing and recording of the new owner into the tax records so that PIVs reflects the true owner of the property should someone want to verify a permit and current owner.

While these two ideas are nowhere near exhaustive, we hope they can supplement efforts to stop illegal practices.

Permitting and Inspections

Next, we continue to hear from members that permitting can still take a significant amount of time and resources. Any improvements to make permitting and inspections less time consuming would be welcome. We support using multiple communication strategies to ensure that applicants are prepared to complete the permitting process. The more the public understands permitting, the easier it will be administer.

Agency Communication

Further, thousands of residents must go through DCRA to operate their businesses. Technology is important in customer service, but we also know the value of having individual questions answered in a more personalized manner. We support an "Ambassador" program to help guide business owners with more complex permitting and licensing needs through the process. Such additional staff to address their concerns would greatly benefit the District's business climate overall.

Business Licensing

Next, business licensing is a necessity that should aim to be as simple as possible. Developing additional training for staff in licensing process and extending District-funded training to staff at non-profit organizations that assist District businesses could be an extremely useful way to take advantage of the resources DC's various non-profits can offer.

DCAR also recommends looking into simpler ideas for BBLs. Currently, our understanding is even those residents who would like to rent out one room in their homes technically have to go through the often onerous process of obtaining a BBL. BBLs tailored to such smaller endeavors could be an effective alternative.

Rulemaking: Stakeholder Outreach

Finally, the level of technical expertise needed to understand rulemaking in general can be extremely difficult for a vast majority of residents. If the public could also be provided with simpler outlines of specific changes, that would be helpful. We also support establishing an advisory group to monitor and track proposed regulatory reforms, as well as to identify their potential impact on businesses. If this group could also be charged with reaching out to a wider group of stakeholders, it would be extremely helpful.

Concluding Remarks

DCAR thanks the Committee for taking the time to perform such an important review. Our Association can confidently say that we believe that DCRA is more than capable of streamlining and improving their systems to better serve the public. We are happy to continue working with DCRA on any of the previously discussed issues for the benefit of not only our members, but for the public and real estate community as a whole.