
Government of the District of Columbia



Department of Consumer and Regulatory Affairs

Testimony of

Linda K. Argo
Director

on

Bill 18-448

“The Blighted Properties Abatement Reform Act of 2009”

&

Bill 18-546

“The Neighborhood Preservation Amendment Act of 2009”

Council of the District of Columbia
Committee on Public Services and Consumer Affairs

Muriel Bowser, Chair

Committee on Finance and Revenue

Jack Evans, Chair

January 27, 2010

Room 412
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004
2:00 P.M.

I. INTRODUCTION

Good afternoon, Chairpersons Bowser and Evans, members, and staff of the Committee on Public Services and Consumer Affairs and the Committee on Finance and Revenue. I'm Linda Argo, Director of the Department of Consumer and Regulatory Affairs. I'm here today to testify on Bill 18-448, the Blighted Properties Abatement Reform Act of 2009, and Bill 18-546, the Neighborhood Preservation Amendment Act of 2009.

DCRA has one critical mission: to protect the health, safety, economic interests, *and* quality of life of residents, businesses, and visitors in the District of Columbia – by issuing licenses and permits; conducting inspections; enforcing building, housing, and safety codes; regulating land use and development; and providing consumer education and advocacy services.

II. THE ADVERSE IMPACT OF VACANT PROPERTIES ON THE COMMUNITY

We're all aware of vacant properties in our neighborhoods. Many of these properties sit there year after year – empty, slowly falling apart, attracting nuisances, and depressing property values. They can represent owners' failures to meet one of the fundamental duties of property ownership: maintenance of the property's building conditions and appearance.

Many cities throughout the country are facing a devastating cycle: where an excessive concentration of vacant properties lowers community morale and gives

the neighborhood a negative reputation, thereby undermining the stability of the local housing market and contributing to neighborhood decline and decay. This gives the perception to the outside world that the neighborhood is barely on life support and isn't worth the investment.

III. THE THREE I'S OF VACANT PROPERTY REGULATORY SYSTEMS

Based on the best practices used by other jurisdictions to combat the neighborhood blight resulting from vacant properties, we believe a successful government regulatory program requires the following three conditions, which we refer to as the "Three I's": Identify, Inspect, and Incentivize.

A. IDENTIFY

For the past several years, the District has required the registration of vacant properties, which previously included undeveloped vacant lots. Numerous other jurisdictions, including Chicago, Cincinnati, Milwaukee, Albany, N.Y., and Wilmington, Delaware, have similar vacant property registration requirements.

First and foremost, registration of vacant properties is essential in establishing ownership for regulatory enforcement purposes. In the District, properties are owned by individuals, corporate entities, non-profit institutions, and District, federal, or foreign governments. Having accurate ownership information is crucial to knowing who to contact when a vacant property is not being maintained according to District standards.

Vacant property registration also allows DCRA to move away from a complaint-based system to one where we proactively identify and deal with a vacant property before it becomes dangerous or a neighborhood blight.

B. INSPECT

Once a property is registered, the next step is to inspect the property to ensure it is secure and stable. When a vacant property is identified, DCRA inspectors will conduct a four-point building inspection to ensure the structural integrity of the building so as to protect against damage to surrounding properties and passersby. The inspection also requires that a vacant building be properly secured so as to prevent trespassing.

A properly secured property avoids a tragedy like what happened recently at 931 and 933 Kennedy Street, NW in Ward 4 where a homeless woman broke into a vacant building last month, started a fire to keep herself warm in the frigid temperatures, and wound up dying after the fire got out of control. The ensuing blaze caused catastrophic damage to that property and the vacant property next door; both buildings are now structurally unsound and will have to be razed.

Inspections of vacant buildings helps prevent neighborhood blight by identifying and penalizing “broken windows” conditions that give the impression to neighbors and the public that the neighborhood has given up on itself and doesn’t care how the vacant property looks or the nuisances it attracts.

C. INCENTIVIZE

Simply identifying and inspecting a vacant property is not going to return it to productive use. Economic disincentives to letting a property remain vacant can serve as a significant factor in motivating the property owner to either revitalize their vacant property or lease or sell the property to someone else who will.

The District's tax rate for a vacant property has whipsawed in just the past three fiscal years from \$5 per \$100 of assessed value, to \$10 per \$100 of assessed value, to the current \$0. While DCRA does not take a position on the issue of property tax rates, it is clear that annually changing the vacant property tax rate is ineffective and creates massive confusion among property owners, neighbors, and the general public.

We believe that a graduated vacant property registration fee which increases based on the number of years a property is vacant would serve as an economic disincentive to vacant property owners that is not nearly as punitive as the previous \$10 property tax rate, but that is still a financial incentive for the owner to move the property back to productive use. The current \$10 property tax rate for vacant buildings designated as blighted will deter those negligent vacant property owners who fail to maintain their property according to minimal code standards. Poorly maintained properties impose a burden on the District to keep watch over the

property, as well as on the surrounding community that has to see and deal with the blight every day.

A robust system of civil infractions issued for building code violations will further penalize those vacant property owners – regardless of whether the property is designated as blighted – who fail to maintain their building’s conditions.

IV. VACANT PROPERTIES BY WARD

Attached to my testimony are eight maps showing identified vacant properties in each Ward, as of January 1, 2010 (Attachment A). The maps clearly show that vacant properties are far more prevalent in the eastern half of the District, with some neighborhoods having excessive clusters. Overall, the District has 2,448 identified vacant properties.

A breakdown of the data is as follows:

Ward	Identified Vacant Properties
1	327
2	187
3	67
4	282
5	362
6	340
7	561
8	322
TOTAL	2,448

Let me emphasize that we have been able to collect this data because of the legal requirement (pursuant to D.C. Official Code § 42-3131.06) that property

owners register their vacant properties with DCRA. Without this registration requirement, we lose the ability to track basic information on vacant property.

V. REVIEW OF BILLS 18-448 AND 18-546

A. BILL 18-448, THE BLIGHTED PROPERTIES ABATEMENT

REFORM ACT OF 2009

Bill 18-448 would eliminate the registration of vacant properties and would add a new definition for “blighted property.” However, by eliminating the requirement to register a vacant property, the bill fails to explain the process by which a property is designated vacant. The bill also eliminates the requirement that property owners receive notice that their building has been deemed either vacant or blighted. Nor does the bill provide for an appeals process for property owners seeking to challenge their property from being designated as blighted.

The bill also makes several changes to the property tax sections of the D.C. Code, on which DCRA takes no position, with the following exception. The bill clarifies the current provisions in D.C. Official Code § 47-812 (c-8)(4) regarding Class 3 property. The bill helpfully limits Class 3 property to only those buildings that are determined to be blighted by the Mayor and are on the semi-annual list DCRA provides to the Office of Tax and Revenue.

Additionally, I should note that under the current property tax law, a vacant residential building that is not designated as blighted is to be taxed at the Class 2

rate. Bill 18-448 seeks to tax such a building at the Class 1 rate, rather than at the higher Class 2 rate; our colleagues from the Office of Tax and Revenue address this issue in their testimony.

We believe Bill 18-448 helps clarify the currently confused provisions of the property tax section of the D.C. Code. We also believe the bill contains useful factors in considering whether a building is to be designated as blighted. However, we believe the elimination of the vacant property registration would be a significant step backwards in the District's ongoing efforts to identify and address vacant properties. We've heard the concerns about the burdens of the registration system, but under our proposal, the owner's requirement to schedule a 13-point inspection is eliminated. Only the completion of a simple, one-page document and payment of the fee will be required (Attachment B).

When the Council passed legislation in 2001 requiring the registration of vacant properties, the purpose was to prod owners to put their vacant property back into productive use. We support the Council's original intent of the registration requirement.

B. BILL 18-546, THE NEIGHBORHOOD PRESERVATION

AMENDMENT ACT OF 2009

Bill 18-546 would take a far more expansive approach to dealing with both vacant properties and blighted properties, and reflects best practices from a number

of jurisdictions.

The bill adds a new definition of “blighted vacant building” which would give DCRA clear guidance in designating a building as blighted. The bill includes both the ability for DCRA to include citations issued for building code violations, as well as for illegal activities occurring on the property, such as prostitution and drug dealing to make the blighted designation. Additionally, DCRA would automatically designate a property as blighted if it is ordered closed. This is an important additional enforcement tool as we deal with property owners who are more properly referred to as slumlords.

Most notably, Bill 18-546 eliminates the exemptions process from vacant property registration. Because the Council eliminated the previous \$10 property tax rate for all vacant properties, the exemptions process no longer has any relevance. Indeed, the exemptions process has resulted in much frustration among neighborhood residents, who saw this process simply as a loophole for an owner to avoid paying the higher vacant property tax rate, while still holding on to a vacant property. We believe the elimination of the exemptions process will save DCRA resources that can be better utilized in the identification and registration process.

Bill 18-546 contains new information requirements for owners when registering their vacant property with DCRA. By requiring owners to include the name of an authorized agent for receiving official notices from the District, DCRA

avoids the wasted time and resources of sending notices to out-of-date owner addresses. Owners' failure to update their contact information with both DCRA and the Office of Tax and Revenue result in insufficient service of process, thereby negating any citations issued to that owner.

The bill also contains two best practices employed in other urban jurisdictions to deal with vacant properties. First, the bill would allow the Mayor to set a graduated registration fee that would be capped at \$5,000 per year. Several other cities, particularly Wilmington, Del., Albany, N.Y., and Cincinnati, have very similar registration fee systems. The chart below shows a comparison:

Years Vacant	Wilmington	Albany	Cincinnati
1	\$500	\$250	\$900
2	\$1,000	\$400	\$1,800
3	\$2,000	\$400	\$2,700
4	\$2,000	\$1,500	\$2,700
5+	\$3,500 - \$5,000	\$2,000	\$3,500

The bill also requires a vacant building owner to obtain and maintain liability insurance, in the amount of \$300,000 for residential buildings and \$1,000,000 for commercial buildings. This requirement – and these same liability insurance levels – are also required in Chicago and Cincinnati.

Additionally, the bill expands a provision already in the D.C. Code that would allow DCRA to require vacant building owners to post their name, address, and phone number, as well as the contact information for the person responsible

for day-to-day maintenance and supervision. This mirrors similar provisions used in Chicago and Wilmington.

One final benefit of the bill is that it increases DCRA's authority to require a vacant property owner to take preemptive building security measures to prevent against squatters, looters, and trespassers. For example, as part of a pilot program, we ordered the installation of steel barriers over doors and windows at a vacant building located at 1515 Rhode Island Avenue, NE in Ward 5 (Attachment C). This building became a nuisance after repeatedly being broken into by drug dealers and prostitutes, resulting in an unsafe situation for neighborhood residents. After the installation of the steel barriers, no further break-ins have occurred at that property. Although the use of these barriers is by no means a cure-all solution, it is a very useful, additional resource for DCRA to use in rendering vacant buildings safe and secure. And securing properties is a critical first step in ensuring properties don't become fire or health hazards or attract criminals.

Each of the provisions of Bill 18-546 that I've discussed reflect what we believe to be best practices from around the country and would make the District a model jurisdiction.

Other provisions in the bill simplify the process for issuing building and housing code citations to property owners and update the Schedule of Fines for vacant property violations in Title 16 of the D.C. Municipal Regulations.

We strongly believe these provisions reflect Bill 18-546's far more holistic approach to dealing with vacant properties. The bill's continued requirement of registration of vacant property will allow DCRA to create and share neighborhood-level databases of registered buildings, which will allow for the effective tracking of those buildings' conditions to determine whether they become blighted and subject to the new Class 3 property tax rate.

I need to emphasize that to effectively deal with concentrations of vacant buildings and neighborhood blight, we need to make local communities partners in the process. When elected leaders, District agencies, and neighborhood residents work together to solve their vacant building problems, they strengthen a neighborhood's social fabric. Rehabilitation of vacant buildings can breathe new life into struggling neighborhoods and draw residents back into the neighborhoods experiencing disinvestment. This revitalization will have a ripple effect: as more vacant buildings are returned to productive use, the home values of the area – and the property taxes collected – will increase.

VI. ADDITIONAL SUGGESTIONS TO ADD INTO FINAL BILL

We recommend that the final version of the bill incorporate the following modifications.

First, we suggest amending the definitions provisions of D.C. Code § 42-3131.05 to limit the applicability of vacant property registration only to buildings,

rather than to individual dwelling or commercial units. The complaints we receive about vacant properties are rarely – if ever – about individual units in a building; they almost always focus on an entirely empty building, whether it’s a single-family home, a multi-unit apartment building, or a commercial storefront. Practically speaking, it is extraordinarily difficult to identify and inspect vacant units in an otherwise occupied building. It is also confusing for property owners and the public to understand what types of vacant property require registration. By limiting registration to only vacant buildings, the process is simplified and better focused on the main cause of neighborhood concern and visible blight.

Second, we suggest the elimination of the Board for the Condemnation of Insanitary Buildings (BCIB). The BCIB, established over a century ago, was far more relevant when the District government had limited ability to inspect properties for building, health, and safety codes violations. We believe the District now has sufficient statutory enforcement authority – as well as the necessary resources – that render the BCIB obsolete. Indeed, DCRA has the same authority as the BCIB to order that a property owner render a building sanitary or order it razed. While the need for the BCIB made sense in the past, we believe that it is simply redundant today.

Finally, we suggest clarifying the building maintenance standards in D.C. Code § 42-3131.12, particularly as it relates to the requirements to board a property

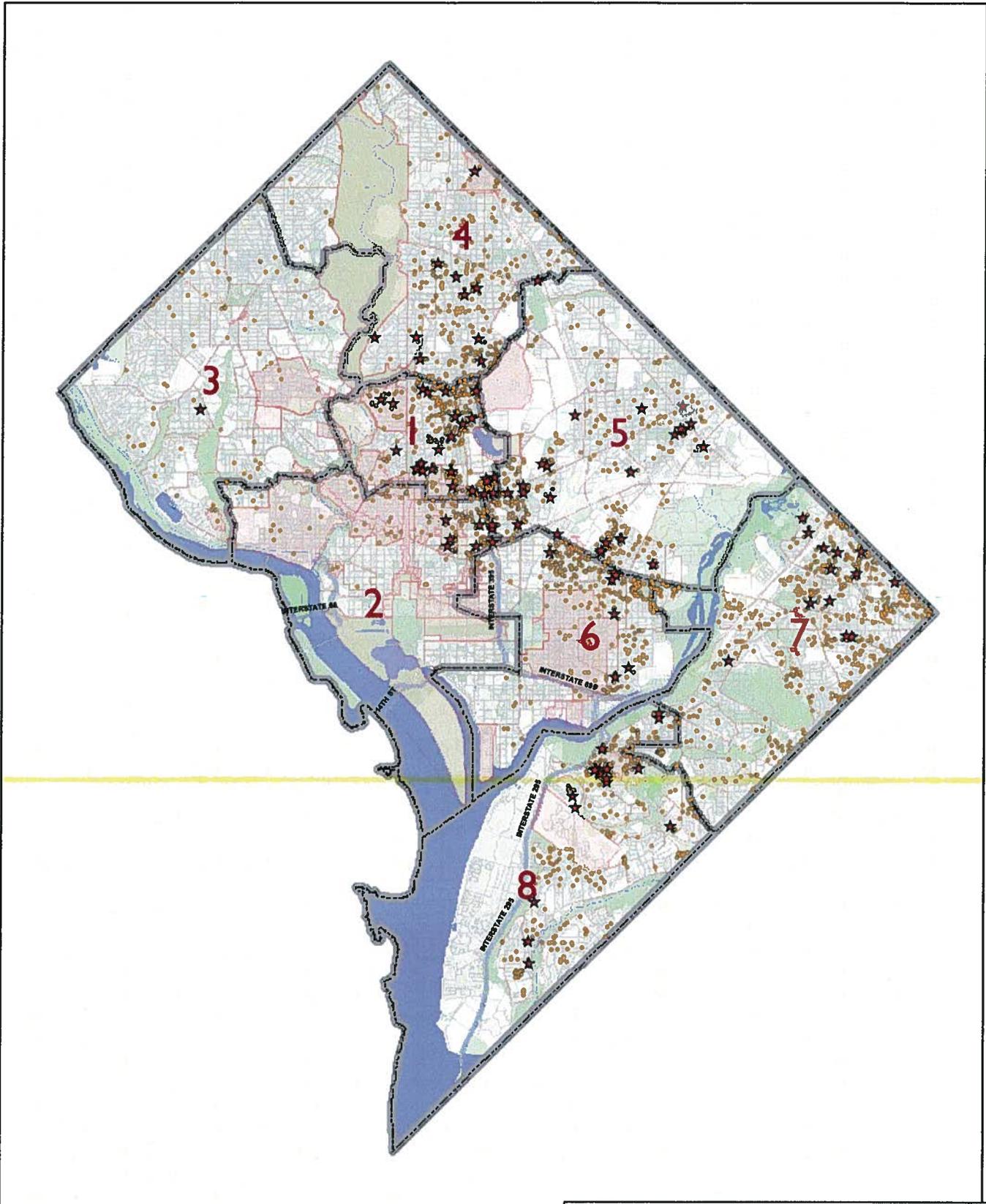
so as to render it secure from trespassers. Property owners need clear guidance as to when they must use materials such as plywood to secure any building openings, and when they must use other materials.

VII. CONCLUSION

Chairpersons Bowser and Evans, thank you for the opportunity to discuss Bills 18-448 and 18-546. We look forward to working with you and your staffs developing a final bill that's based on the best practices successfully utilized in other jurisdictions to combat vacant property and neighborhood blight. My staff and I are prepared to answer any questions you may have.

Attachment A

Maps of Vacant Properties in the District of Columbia



City-Wide Reference Map

Department of Consumer and Regulatory Affairs

Office of Vacant Property and Office of Information Systems (OIS)



Government of the District of Columbia
Adrian M. Fenty, Mayor

January 2010

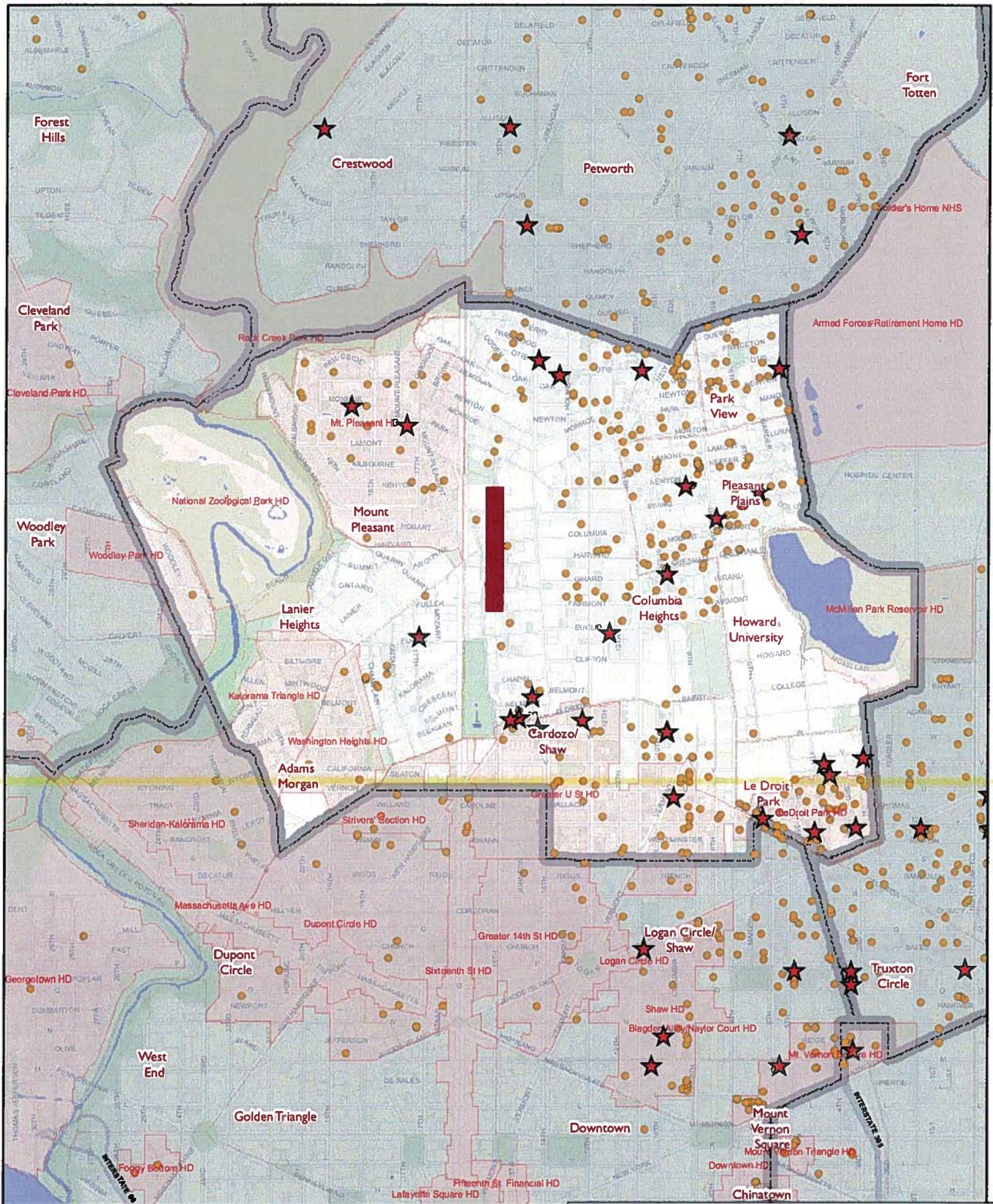


Department of Consumer and Regulatory Affairs
Linda K. Argo, Director

Legend	
★	Sighted Jan. 2010
●	Vacant
■	DCRS, Historic Districts, Anacostia



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Ward 1 Reference Map

Department of Consumer
and Regulatory Affairs

Office of Vacant Property
and
Office of Information Systems (OIS)


**Government of the
District of Columbia**
Adrian M. Fenty, Mayor
 January 2010



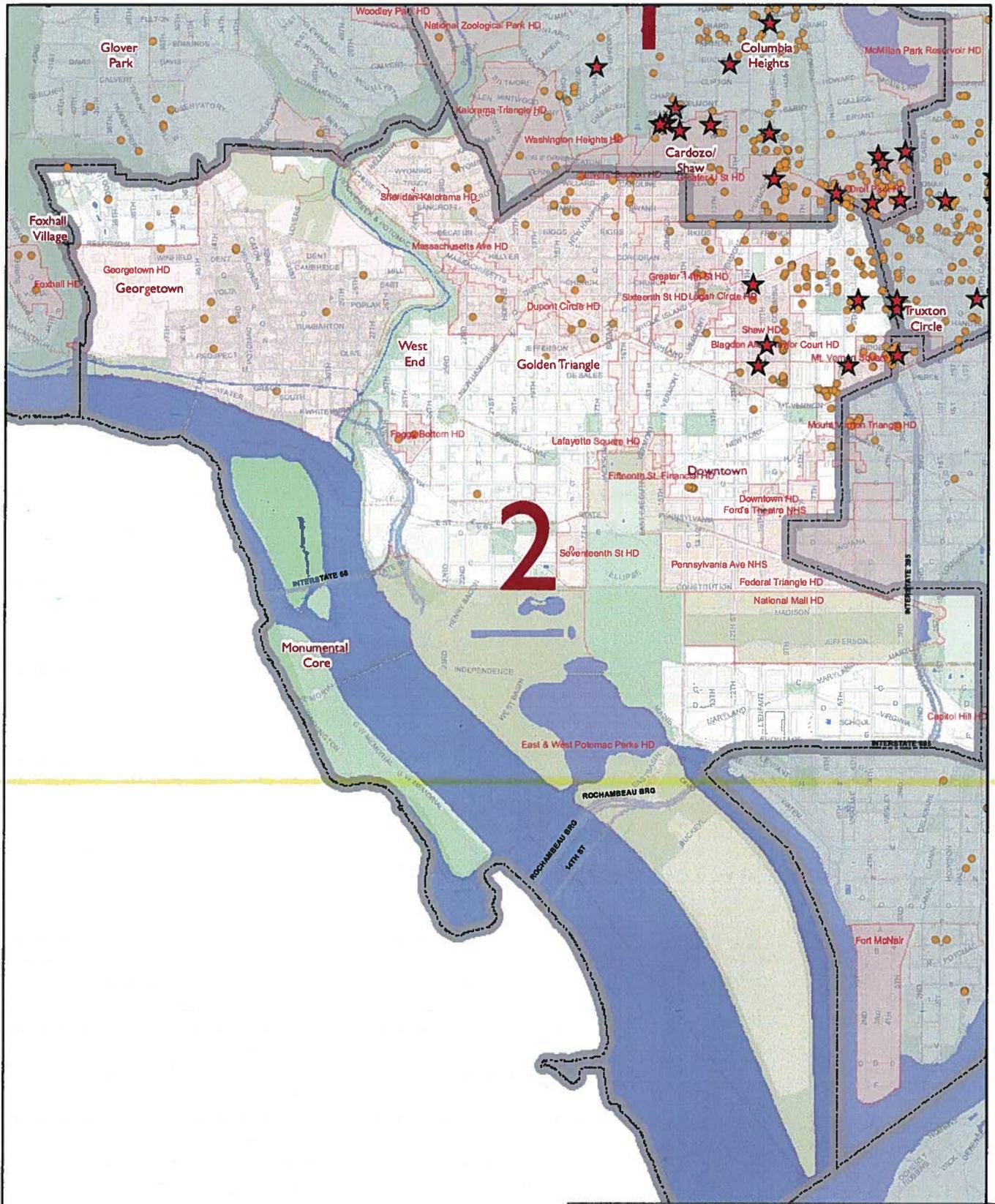
Department of Consumer and Regulatory Affairs
Linda K. Argo, Director

Legend

-  Digitized Jan. 2010
-  Vacant
-  DCGIS Historic Districts and Areas



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Ward 2

Reference Map

Department of Consumer and Regulatory Affairs

Office of Vacant Property and Office of Information Systems (OIS)



Government of the District of Columbia
Adrian M. Fenty, Mayor

January 2010

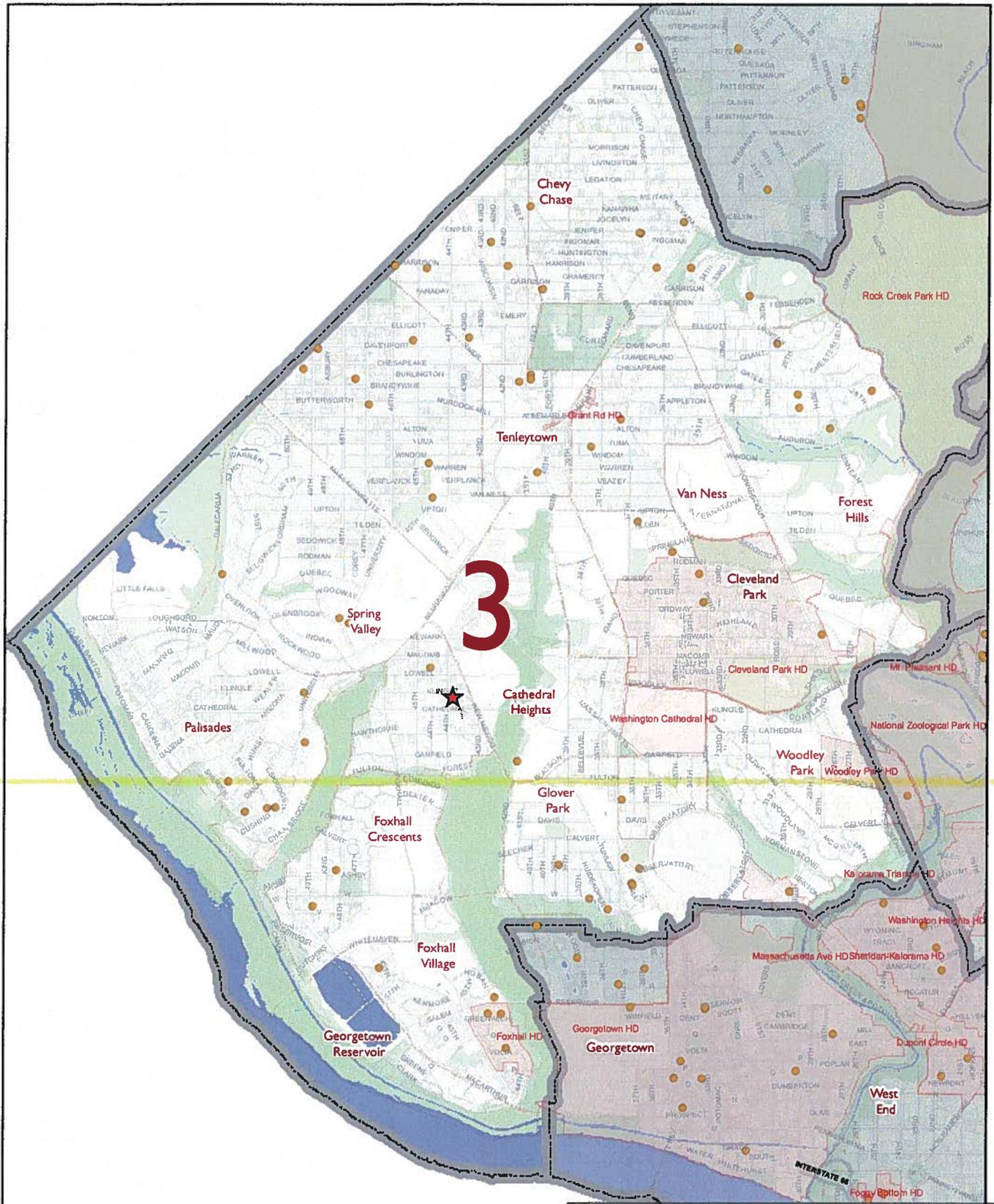


Department of Consumer and Regulatory Affairs
Linda K. Argo, Director

Legend

- Blighted Jan. 2010
- Vacant
- DCOS Historic Districts and Areas





Ward 3

Reference Map

Department of Consumer and Regulatory Affairs

Office of Vacant Property and Office of Information Systems (OIS)



Government of the District of Columbia
Adrian M. Fenty, Mayor

January 2010



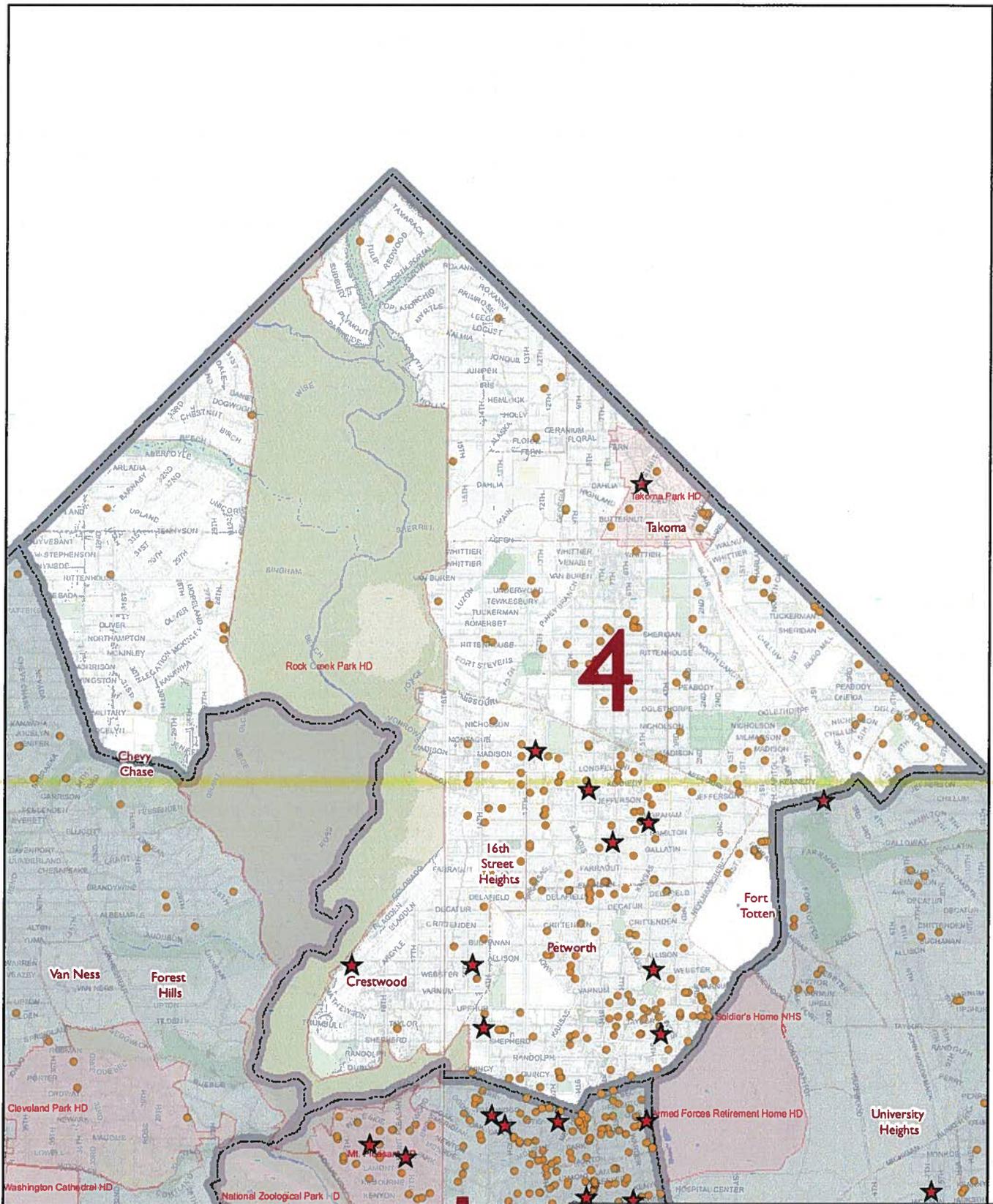
Department of Consumer and Regulatory Affairs
Linda K. Argo, Director

Legend

- ★ Dated Jan. 2010
- Vacant
- DCGIS Historic Districts And Areas



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Ward 4

Reference Map

Department of Consumer and Regulatory Affairs

Office of Vacant Property and
Office of Information Systems (OIS)



Government of the
District of Columbia
Adrian M. Fenty, Mayor

January 2010



Department of Consumer and Regulatory Affairs
Linda K. Argo, Director

Legend

★ Blighted Jan. 2010

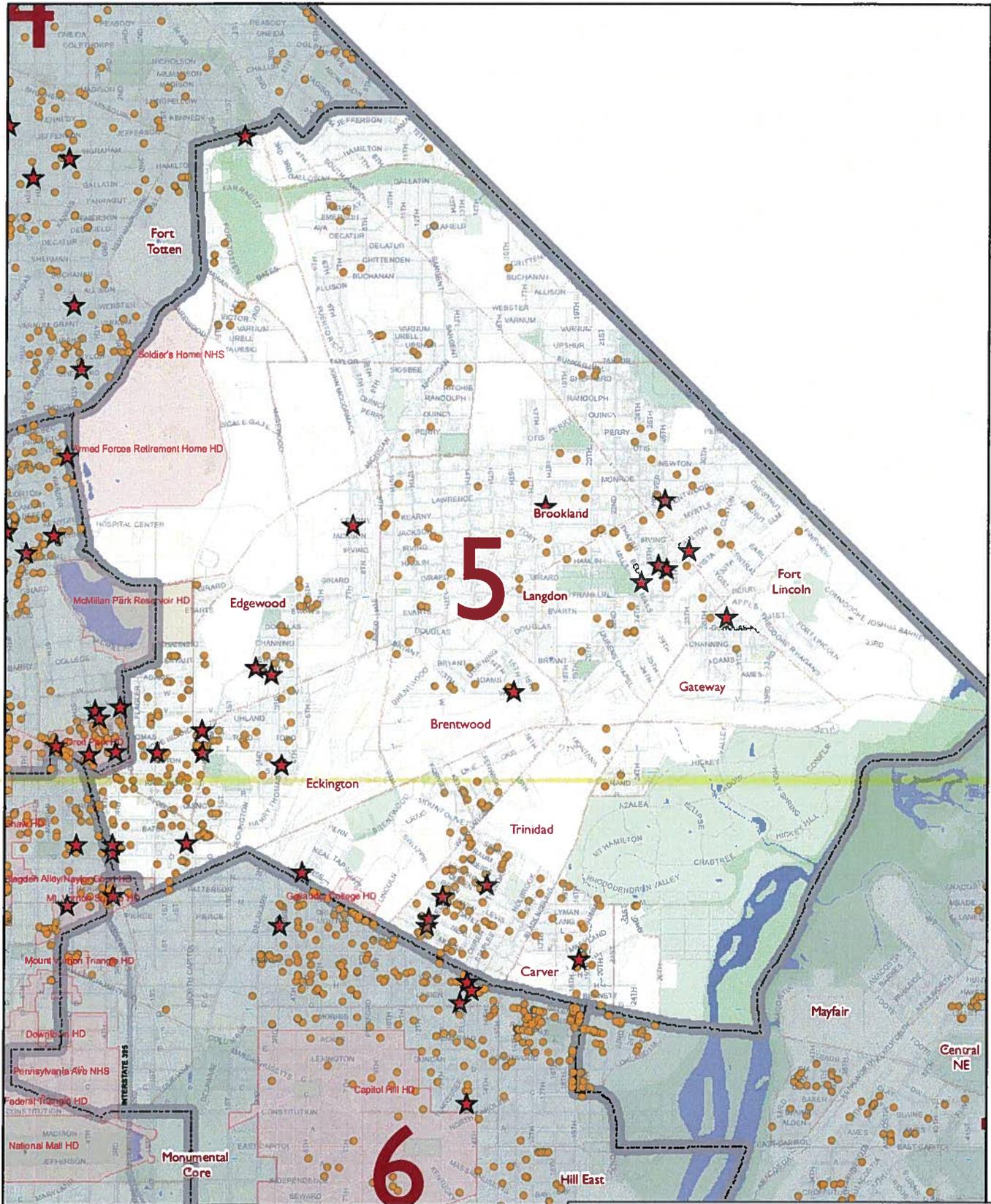
● Vacant

DCGS.HistoryDistrictsAndAreas

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www.dca.dc.gov



Ward 5 Reference Map

Department of Consumer
and Regulatory Affairs

Office of Vacant Property
and
Office of Information Systems (OIS)



**Government of the
District of Columbia
Adrian M. Fenty, Mayor**
 January 2010

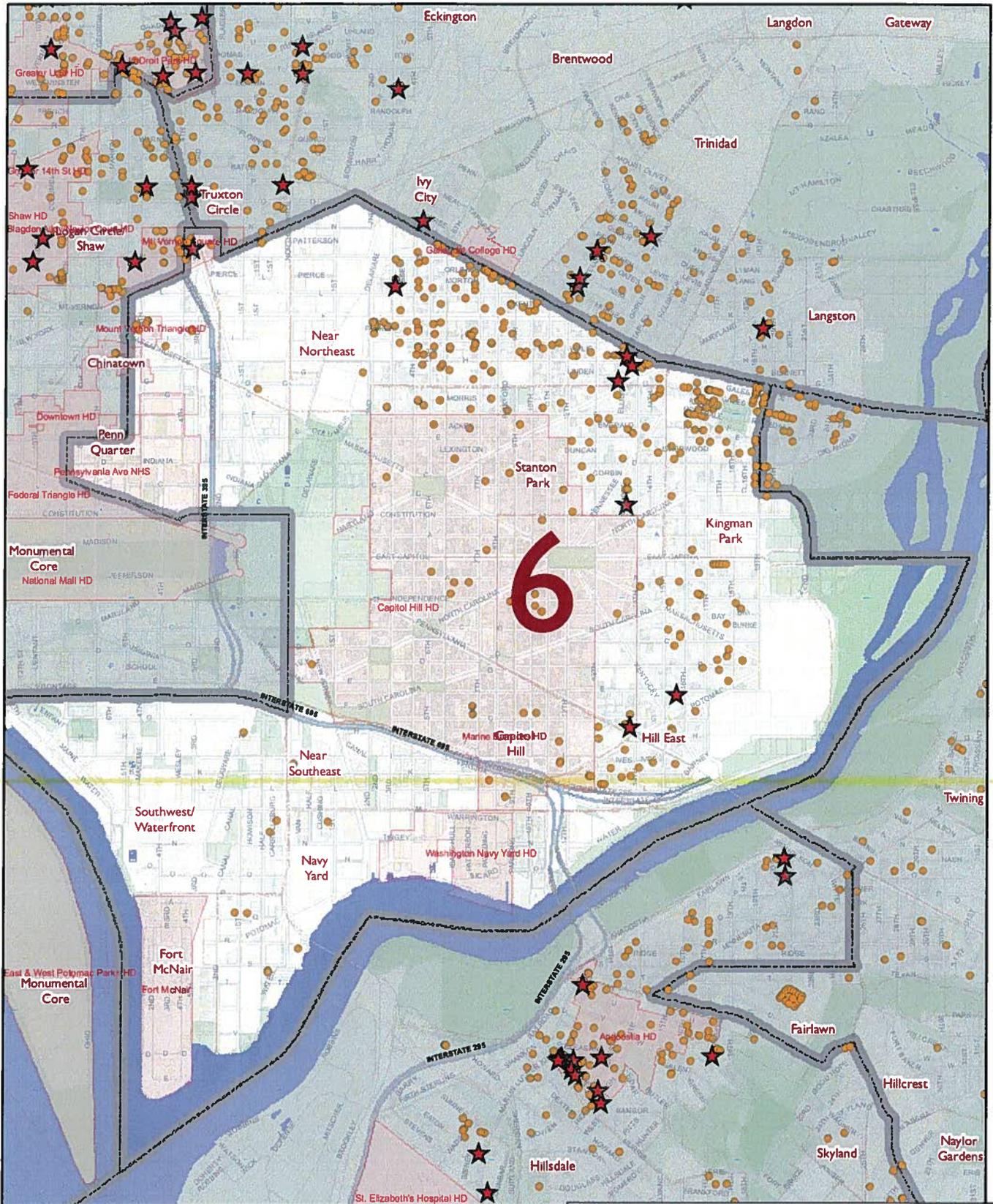
Legend
 Bighted Jan. 2010
 Vacant
 DCGIS.HistoricDistrictsAndAreas



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS
**Department of Consumer and Regulatory Affairs
Linda K. Argo, Director**



www.dcr.dc.gov



Ward 6

Reference Map

Department of Consumer and Regulatory Affairs

Office of Vacant Property and Office of Information Systems (OIS)



Government of the District of Columbia
Adrian M. Fenty, Mayor

January 2010

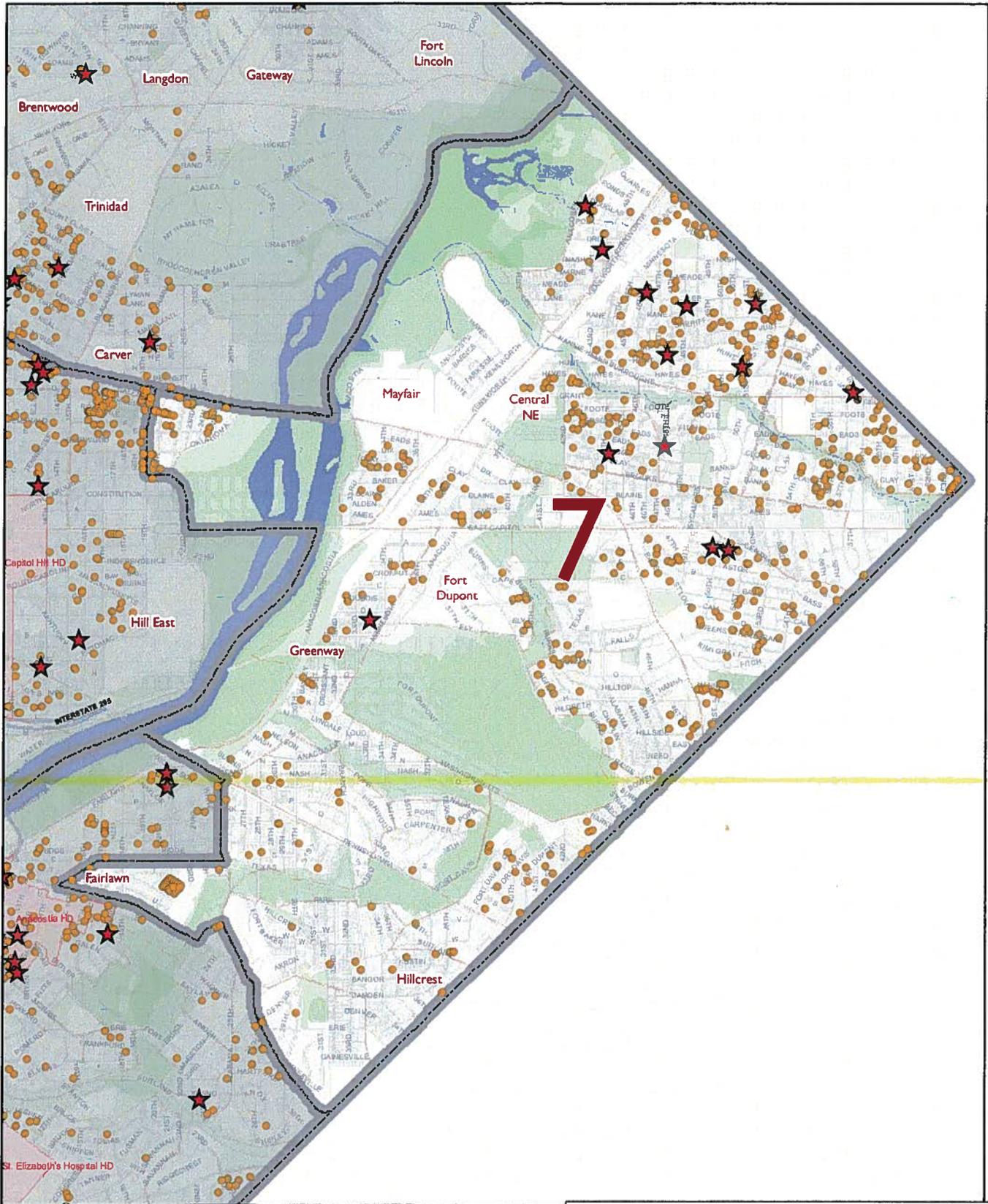


Department of Consumer and Regulatory Affairs
Linda K. Argo, Director

Legend

-  Blighted Jan. 2010
-  Vacant
-  DCGIS Historic Districts and Areas





Ward 7

Reference Map

Department of Consumer and Regulatory Affairs

Office of Vacant Property and
Office of Information Systems (OIS)



Government of the
District of Columbia
Adrian M. Fenty, Mayor

January 2010

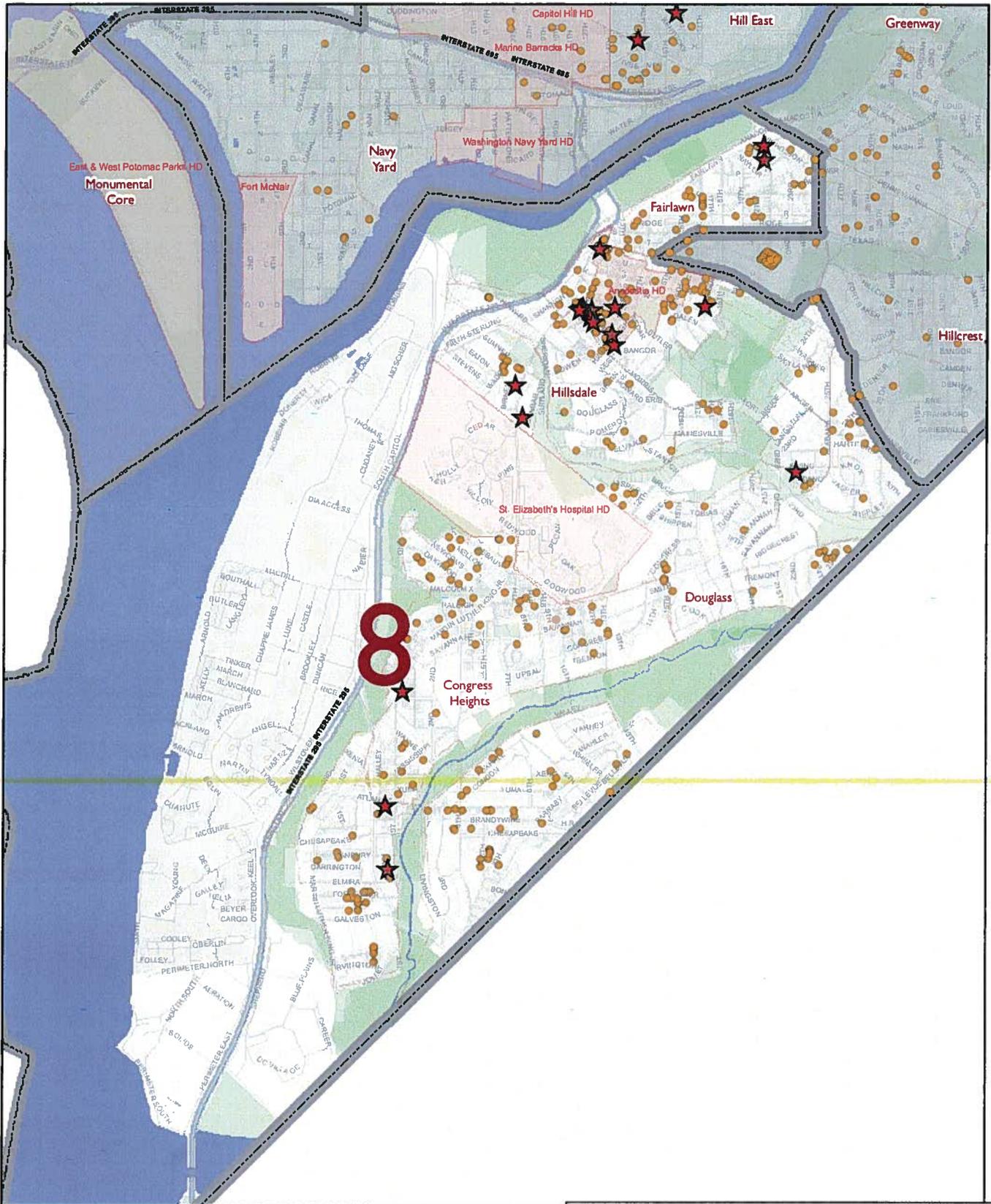


Department of Consumer and Regulatory Affairs
Linda K. Argo, Director

Legend

-  Blighted Jan. 2010
-  Vacant
-  DCGIS-HistoricDistrictsAndAreas





Ward 8

Reference Map

Department of Consumer and Regulatory Affairs

Office of Vacant Property and Office of Information Systems (OIS)



Government of the District of Columbia
Adrian M. Fenty, Mayor

January 2010



Department of Consumer and Regulatory Affairs
Linda K. Argo, Director

Legend

★ Sighted Jan 2010

● Vacant

DCGIS Historic Districts And Areas

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DCGIS/2010-01-01

Attachment B

Sample Vacant Property Registration Form



OFFICE OF VACANT PROPERTY (OVP) REGISTRATION

DCRA Enforcement & Compliance Administration
 941 North Capitol Street, NE Suite 7100
 Washington DC 20002
 Tel: (202) 442-4332 Fax: (202) 442-9564 dcra.dc.gov

Please print clearly in ink

A. PROPERTY INFORMATION

REGISTRATION NUMBER (TO BE FILLED IN BY DCRA):	SQUARE	SUFFIX	LOT
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VACANT PROPERTY ADDRESS:

If the property owner name or address of the vacant property changes for any reason other than a transfer or conveyance, you must report it to DCRA within 30 days. The new property owner must register the vacant property within 30 days. The Recorder of Deeds will NOT record the deed of a vacant property that is transferred or otherwise conveyed until the new property owner completes and submits a registration and pays the applicable registration fees.

OWNER NAME:	PHONE
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OWNER MAILING ADDRESS:	Fax:	Email:
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If you own vacant property in the District and do not live in the District, you MUST have an authorized agent for service of process. The authorized agent will receive any notices or citations on your behalf. If you change authorized agents, you must notify DCRA in writing with the new contact information for your authorized agent.

AUTHORIZED AGENT NAME (IF APPLICABLE):	PHONE
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AUTHORIZED AGENT ADDRESS:	Fax:	Email:
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Vacant property owners must identify a person who is responsible for day-to-day supervision and maintenance of the registered vacant property. The person may be the property owner, the authorized agent, or another person.

NAME OF PERSON RESPONSIBLE FOR BUILDING MAINTENANCE (IF DIFFERENT THAN OWNER):	PHONE
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BUILDING MAINTENANCE PERSON ADDRESS:	Fax:	Email:
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Vacant property owners must purchase and maintain liability insurance of at least \$300,000 for residential buildings and \$1,000,000 for commercial buildings.

INSURANCE COMPANY:	PHONE
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INSURANCE COMPANY ADDRESS:	Fax:	INSURANCE POLICY NUMBER:
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B. FEE CALCULATION

Make checks or money orders payable to the DC Treasurer and mail to: DCRA Office of Vacant Property, 941 North Capitol Street, NE, Suite 7100, Washington, D.C. 20002. Any returned checks will be charged an additional \$65.

Years Property Vacant	Calculation of Fee Based on Years Vacant	Total Fee Due

C. BLIGHT

Any vacant property owner that fails to properly maintain the building and property in accordance with the applicable provisions of the D.C. Code and Municipal Regulations may have their property deemed blighted by DCRA. All blighted properties will be referred to the Office of Tax Revenue to be taxed at the Class 3 Property tax rate of \$10.00 per \$100 of assessed value.

D. CERTIFICATION

I, the undersigned owner or agent, certify that all information I have provided on this form is complete and accurate. If I am not the owner, I certify that I have the authority from the owner to make such certification and decisions about the above-referenced vacant property.

<i>Signature</i>	<i>Date</i>	<i>Phone</i>
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Attachment C

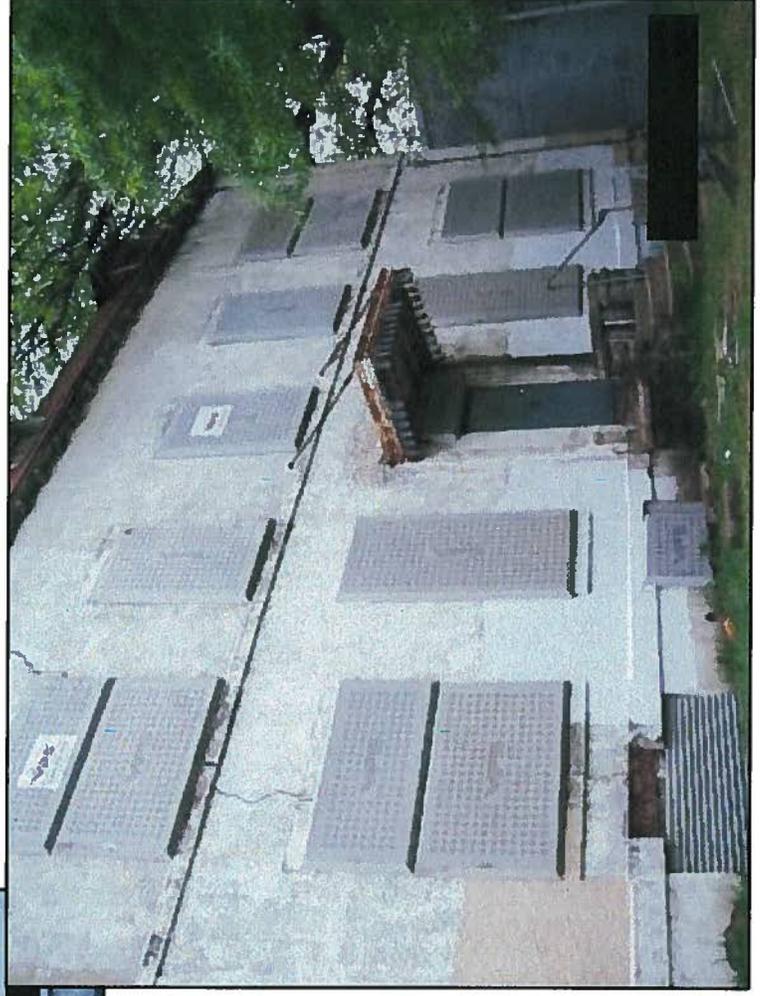
Photographs of 1515 Rhode Island Avenue, NE

**1515 Rhode Island Ave. NE
Ward 5**



BEFORE

AFTER



**1515 Rhode Island Ave. NE
Ward 5**



BEFORE

AFTER



1515 Rhode Island Ave. NE

Ward 5



BEFORE

1515 Rhode Island Ave. NE

Ward 5



AFTER