

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS**



Public Oversight Roundtable on the Department of Consumer and  
Regulatory Affairs' Handling of Vacant and Blighted Properties

Testimony of  
Ernest Chrappah  
Director  
Department of Consumer and Regulatory Affairs

Before the  
Committee of the Whole  
Council of the District of Columbia  
The Honorable Phil Mendelson, Chairman

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2:00 p.m.

**Via Virtual Platform**

Good afternoon, Chairman Mendelson, Councilmembers, and staff. I am Ernest Chrappah, the Director of the Department of Consumer and Regulatory Affairs (DCRA). I am here this afternoon to discuss how vacant and blighted properties are handled in the District of Columbia.

As you know, the District taxes vacant and blighted properties at a higher rate in order to incentivize owners to bring their properties back into productive use. Vacant properties are taxed at the Class Three rate of \$5 for every \$100 of assessed property value, and blighted properties are taxed at the higher Class Four rate of \$10 for every \$100 of assessed property value. Given the value of property in the District, those amounts add up quickly.

DCRA performs vacant and blighted property inspections based on complaints from residents. Once a complaint has been lodged, whether that is through our website, 311, or information we have received from an ANC or Council office, DCRA sends an inspector to determine whether the property meets the classification standards set forth in the D.C. Code. Once a classification or reclassification has been made, the property owner has the right to appeal the classification. Assuming the property owner does not make an appeal, or the appeal is denied, the classification is sent to the Office of Tax and Revenue (OTR). OTR then begins taxing the property based on this classification.

Mr. Chairman, as DCRA has communicated to your office previously in writing, over the past year DCRA and OTR both implemented new technology to simplify the communications between the two agencies. In early December 2020, it was discovered that during the technology transitions, some information regarding the classification of vacant and blighted properties was not being properly transmitted and/or received. Since that time, both agencies have been in collaboration to ensure that our systems are properly communicating to address the issue. Any

properties that should have been taxed at the Class Three or Four rate, but were not, will be charged retroactively, therefore, no revenue will be lost.

Once a property has been classified as either vacant or blighted the owner can apply for one of the five exemptions provided by law. In general terms, the exemptions are available for properties that are under construction, properties that are listed as for sale or rent, properties where the owner is experiencing economic hardship, buildings that are the subject of a probate proceeding or where the title is the subject of litigation, and properties that are the subject of a pending application for development that requires approval from entities such as the Board of Zoning Adjustment and the Historic Preservation Review Board. Assuming the property meets the criteria for a specific exemption, DCRA will grant the exemption. Once granted, DCRA shares this information with OTR, which then pauses taxing the property at the higher vacant or blighted rate, and begins taxing the property at the lower Class One rate. The lower tax rate remains in effect until the exemption has expired or has been revoked.

To prevent vacant and blighted property owners from trying to take advantage of the construction exemption, DCRA aims to conduct an inspection within 90 days to ensure that renovation activity is underway. If DCRA discovers that construction activity has not taken place, the exemption is revoked. DCRA also targets properties where a Stop Work Order has been issued and remains in effect, as this would halt construction and therefore make the terms of a construction exemption impossible to meet. While DCRA has these verification practices in place, the D.C. Code does not require DCRA to actively monitor every exempted property; therefore we are not resourced to perform this task, which means that a small number of property owners intent on gaming the system have the potential to succeed.

Switching back to the inspections DCRA conducts, the term “blighted” often gets thrown around casually, but the law is quite specific about what actually constitutes a blighted property. While there is a strong case to be made that the criteria for a blighted property should be less stringent, we are policy implementers, not policy makers. Unless and until the law is changed, DCRA must follow the law as currently written.

I would now like to switch to some legislative changes that DCRA believes could enhance the District’s handling of vacant and blighted buildings. But before I do so, I want to share some numbers. Since October 2019, DCRA has performed 11,617 vacant and blighted building inspections. In addition to inspecting and classifying properties, DCRA also issues Notices of Infraction to property owners who fail to register and maintain their vacant or blighted property. To date this fiscal year, we have issued nearly 600 Notices of Infraction, which carry fines totaling up to almost \$1 million. I will also note that our abatement team has conducted 546 abatements on vacant properties so far this fiscal year, producing \$308,000 in special assessments and liens. This high volume of work is thanks to our full-time vacant and blighted properties team, and the Resident Inspectors we utilize to expand our inspection capability. To suggest that DCRA’s handling of vacant and blighted buildings is anything less than robust is unfair and inaccurate.

With that said, there is always room for improvement, which is why DCRA is working with the Mayor’s office on some legislative changes that we hope will be introduced sometime this year. Broadly speaking, there are three key areas we are focused on:

1. The first is a District-wide vacant and blighted properties census that would focus on verifying the classification of vacant and blighted properties currently in our system, and proactively identifying new properties that meet the criteria.
2. The second would loosen and simplify the criteria for blighted properties.

3. And the third would clarify OTR's role in publishing accurate and timely information about the tax status of vacant and blighted properties.

When the legislation is finalized and put forth by the Mayor, I would ask the Council to consider it with an eye toward how we can work together and be solution oriented, as in the end we all share the same goal.

As I conclude my testimony, I also want to note some of the improvements we've made to our vacant buildings program over the last couple years.

- Previously, when a vacant or blighted property was reported to DCRA, it took an average of 38 business days before an inspection of the property occurred—that number is now down to four business days. We've also sped up abatement, ensuring that when we get a call from FEMS about a building where a fire has taken place, our team can be out there the same day to board it up.
- We've focused on transparency, moving from static documents to an interactive dashboard that allows the public to view the District's full universe of vacant and blighted properties in near real-time.
- We've upgraded our inspectors' equipment so that classifications can be made from the field instead of having to be done at the office; which has increased the number of inspections our inspectors can conduct.
- We've automated how we process inspections and exemption requests, which has increased our administrative efficiency and reduced the potential for human error.
- And we've developed an SOP incorporating the findings from the 2017 Auditor report.

These are important improvements that I am proud of our team for having achieved. With that, I am happy to address any questions you may have.