
GOVERNMENT OF THE DISTRICT OF COLUMBIA



DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

TESTIMONY OF
LEILA FINUCANE EDMONDS
DIRECTOR

**The Department of Housing and Community Development: the Housing
Regulation Administration and the Circumstances Surrounding the Removal
of the Rent Administrator**

Committee on Housing and Urban Affairs
The Honorable Marion Barry, Chairman
Council of the District of Columbia

and

Committee on Public Services and Consumer Affairs
The Honorable Mary Cheh, Chairperson
Council of the District of Columbia

Thursday, September 25, 2008

Room 412, John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004
1:00 p.m.

Good afternoon Chairman Barry, Chairperson Cheh, and members of the Committee on Housing and Urban Affairs. I am Leila Finucane Edmonds, Director of the Department of Housing and Community Development (DHCD). Accompanying me today is Anita Visser, Housing Regulation Administrator. As requested, we are here today to provide testimony regarding DHCD's Housing Regulation Administration. Mr. Phillip Lattimore, counsel for the Department of Human Resources, is here with me as well, given the issues that may come up with respect to District personnel policies.

The mission of DHCD is to create and preserve economic opportunities for low and moderate income residents and to revitalize underserved neighborhoods in the District of Columbia. Within that mission, DHCD is committed to advancing the purposes of the Housing Regulation Administration and to administering the three statutes under the Administration's purview, which are the Rental Housing Conversion and Sale Act of 1980, as amended (D.C. Official Code § 42-3401.01 et. seq.), the Rental Housing Act of 1985, as amended (D.C. Official Code § 42-3501.01 et. seq.), and the Condominium Act of 1976 Technical and Clarifying Amendment Act, as amended (D.C. Official Code § 42-1901.01 et. seq.).

Established on October 1, 2007 as part of the transfer of two divisions from DCRA to DHCD, HRA has as its head a Housing Regulation Administrator, who is appointed by and reports directly to me, the Director of DHCD. HRA contains and oversees two divisions: the Rental Conversion and Sale Division, or CASD, and the Rental Accommodations Division, or RAD. CASD has as its head a Rental Conversion and Sale Administrator who reports to the Housing Regulation Administrator. Similarly, RAD has as its head a Rent Administrator who also reports to the Housing Regulation Administrator.

I would note also that as part of this restructuring, the Office of the Chief Tenant Advocate was established, as the Administration and the Council recognized the need for an independent tenant advocate. That office is held by Johanna Shreve.

The Housing Regulation Administrator is responsible for ensuring the proper administration of the two HRA Divisions. The Housing Regulation Administrator develops and administers a program of operations and operating procedures to carry out the Administration's functions. The Rental Conversion and Sale Administrator monitors and assesses the condominium and cooperative conversion process, including the TOPA process. The Rent Administrator carries out the Rent Stabilization Program, as established by the Rental Housing Act of 1985, as amended. Both the Rental Conversion and Sale Administrator and the Rent Administrator work under the direction and supervision of the Housing Regulation Administrator, who defines the overall direction for the Housing Regulation Administration.

It is the job of both administrators to administer while maintaining absolute neutrality. Under the goals and purposes of the Rental Housing Act, the Rent Administrator must balance the interests of tenants and housing providers in administering the statute. Specifically, the Rent Administrator must preserve moderately priced rental housing and protect low and moderate income tenants, while providing housing providers and developers with a reasonable rate of return. Decisions requiring fact-finding hearings are heard through the Office of Administrative Hearings. All Rent Administrator or OAH decisions can be appealed to the Rental Housing Commission, and then to the DC Court of Appeals.

Rental housing services in the District are now more comprehensive than ever. For the first time, we have the Office of the Tenant Advocate working to protect the interests of the tenants. We also now have, within HRA, the Housing Provider Ombudsman to provide services and technical assistance to housing providers, particularly smaller landlords.

DHCD's policy and role, as part of our agency's mission and as part of the Fenty Administration's commitment to affordable housing, is to ensure that the right infrastructure, resources and personnel are in place so that the Housing Regulation Administration can effectively and efficiently fulfill its administrative role in keeping with the laws and policies of the District of Columbia.

For example, where we have seen an increase in the use of the 70% Voluntary Agreements as a mechanism to remove buildings from rent control, we have engaged assistance from OAG both to (1) research the complex issues to ensure that the decisions issued from the Housing Regulation Administration have strong legal bases that can stand up to scrutiny and (2) help us in developing draft regulations that will provide guidelines to both tenants and landlords. This is critical in cases like this where, but for the approval right that the HRA has over these agreements, they would allow landlords and current tenants to bargain away the rights of current tenants and the affordable housing stock that could be available to future tenants without any limits.

In one recent agreement where a decision to deny approval was made, tenants were offered the choice between receiving \$15,000 and vacating the housing accommodation or maintaining their same rent and foregoing the \$15,000. As quoted in the decision: "In essence, either choice represented "something for

nothing” inasmuch as the rent increases only affected future tenants. As to the former, the tenant is plied with a relatively small sum so that the landlord can achieve a substantial increase in income by burdening future tenants with higher rents. With respect to the latter, the tenant enjoys the benefits of improvements to the accommodation while future tenants shoulder the burden. In either case under the proposed Voluntary Agreement, the result is inequitable treatment of tenants and an erosion of moderately priced rental housing – effective immediately or in the future.

By shifting the burden of higher rent to future tenants, the voluntary agreement serves as a ready device to circumvent the purposes of the Act. Where there exists no true *quid pro quo* between landlord and tenant in terms of the limited purposes under Section 215 of the Act established for voluntary agreements because the tenant party to the agreement is not burdened with higher rents in exchange for the benefit of increased services, capital repairs or elimination of deferred maintenance, a voluntary agreement under such circumstances must be viewed cautiously. Schemes that do not result in each side to the agreement enjoying both benefit and burden are likely not consistent with Section 215 of the Act and can easily serve to undermine the purposes of the Act.”

I have attached a copy of that agreement as an exhibit and want to add that my staff is looking forward to working with council staff in the next two to three weeks to get your input on finalizing the voluntary agreement regulations as we did recently on the vacancy exemption issues.

Accomplishments

Prior to their transfer to DHCD, the rent control and condominium sales and conversion functions had been understaffed and posed considerable managerial and performance challenges. Since establishing the administration and assuming responsibility at DHCD, we have made significant progress in improving the efficiency of services, and staff has worked diligently to improve overall operations. I'll now review some of our accomplishments.

Filled RAD/CASD Staff Positions

One key to the accomplishments is that both RAD and CASD are almost fully staffed. There are currently 12 RAD staff members, 7 CASD staff members and 5 staff in the Rental Housing Commission. Thirteen of these positions have been filled since October 1, 2007.

Regular Stakeholder Meetings

Additionally, in an effort to maintain open, two-way communication with our constituents, we hold quarterly meetings with both the tenant and housing provider stakeholder groups. In addition, staff from the RAD and the CASD have attended about 20 separate meetings with individual stakeholder organizations.

Housing Provider Ombudsman

In order to provide additional support to small housing providers, DHCD established and resourced the Housing Provider Ombudsman position. This position provides small housing providers with a direct liaison within HRA and the District. Since May, the Housing Provider Ombudsman has provided technical assistance to more than 100 small housing providers to preserve affordable housing

in the District. The frequency of assistance is growing exponentially as the community learns of the existence and services of the Housing Provider Ombudsman.

DHCD has researched successful education programs in other jurisdictions. As a result, we are developing regular training sessions that will better educate the public on the laws and programs administered by DHCD. Once off the ground, these training sessions are expected to cover HRA topics, such as RAD registration, housing provider and tenant petitions, condominium conversions, as well as topics from other DHCD program areas, including lead prevention and abatement, homeownership, home repair, the Consolidated Planning Process, and others. The Housing Provider Ombudsman will be administering the HRA education programs being developed for small housing providers.

Reviewed Legislation/Closed Loopholes

DHCD has reviewed legislation relating to rent control and condominium conversions. DHCD legislative specialists have met with Council staff to review pending legislation to ensure smooth implementation, once passed. In addition, we are working with the Council on legislation to close loopholes in the vacancy exemption law.

Records Management

In order to improve the efficiency of operations, one key area has been improving records management. When DHCD assumed responsibility of the HRA, there were a vast number of not filed papers. Since October, we have drastically decreased the amount of files that were not filed. In addition, we have implemented standard procedures that prevent a backlog of filing.

Centralized Response

HRA has also improved efficiencies in responding to constituent and Council requests by centralizing its response efforts. Since October 1, 2007, HRA has responded to 52 Freedom of Information Act requests, more than 50 Council requests, and 110 queries from the IQ system.

Number of Cases Filed Today/Completed Backlog of Cases

Efficiencies have also been implemented in day-to-day operations. RAD processes six different types of petitions: Voluntary Agreements, Substantial Rehabilitations, Tenant Petitions, Hardship Petitions, Change in Services and Facilities, and Capital Improvement Petitions. To date, the Rental Accommodations Division has processed 400 petitions, as compared to 325 in FY 2007. In addition, RAD has worked to reduce a significant backlog of cases. Since October 2007, RAD processed 92 backlogged cases.

Reviewed all RAD Forms

Additionally, all 24 forms used to accomplish RAD functions are in the midst of a thorough review. The forms have been reviewed internally by staff. They have also been vetted by the Office of the Tenant Advocate and tenant and landlord stakeholders. The forms will next be reviewed by the Office of Administrative Hearings and the Rental Housing Commission. Once finalized, all forms will be made available online.

CASD Day-to-Day Stats

On the condominium conversion side, CASD has received 109 condominium registration applications this fiscal year. In addition, the Division has reviewed 47 tenant association applications and 708 offer of sale notices.

Conversion-Fee Collection

We have also increased efforts to collect outstanding condominium conversion fees. CASD staff has made initial contact with each property owner to verify sale of condominiums. Staff is also cross-referencing Recorder of Deeds records to verify sales.

Referred Cases for Civil Enforcement

In addition, CASD has referred 7 warranty bond cases to the Office of the Attorney General for civil enforcement, and an additional 3 cases for criminal enforcement. OAG successfully prosecuted one of the criminal cases, and we have compelled compliance on four of the civil cases.

HRA Integration

Lastly, we have obtained a grant to obtain a consulting firm to efficiently integrate HRA into DHCD. We are currently working to develop strategies that will ensure a seamless transition to the new Anacostia location. In addition, this work includes developing a case-tracking system so that the Department will be able to more readily provide information on rental properties and condominium conversions in the District.

We have made a measurable impact on the services we are able to provide residents, and have made accomplishments in key areas. Now that the Division is fully staffed, we are poised to continue to improve upon the services we provide to the District.

Based on the history of the Rent Administrator position, I understand but would like to dispel the concerns of many of the witnesses today. It is my goal, and I believe I am in sight of the objective, to create and nurture infrastructure and processes within DHCD, including HRA, such that the functions are insulated from undue outside influence.

I think this is reflected in the improvements I discussed before, as well as in the guidance sought and gained from OAG on *ex parte* communications that is the basis for our policy of not allowing administrators to meet with tenants and landlords on substantive issues on pending cases unless all appropriate parties are present. It is reflected in decisions like the Kennedy-Warren where, again, we sought research resources from OAG so that the arguments would be on a strong legal basis. These are the results of policies and improvements that I have put in place, and it is my hope that they will be institutionalized, because no improvements are sustained if they are based on cults of personality.

Chairman Barry and Chairperson Cheh, this concludes my testimony. My staff and I are available to answer questions that you or members of the Committee may have. Thank you.

EXHIBIT A

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
HOUSING REGULATION ADMINISTRATION
RENTAL ACCOMMODATIONS DIVISION
941 North Capitol Street, NE Room 7100
Washington, D.C. 20002**

AUG 19 2008

IN RE: 70% Voluntary Agreement
Application for Rent Level Adjustment
1722 - 19th Street, NW

VA 08,003
1722 - 19th Street, NW
Multi-Unit Dwelling
(Ward 3)

**ORDER ON JOINT EXCEPTIONS AND OBJECTIONS TO MAY 2, 2008
DECISION AND ORDER DENYING AND DISMISSING WITHOUT PREJUDICE
VOLUNTARY AGREEMENT AND FINAL DECISION AND ORDER**

Jurisdiction

KEITH ANDERSON, ACTING RENT ADMINISTRATOR: The above-captioned matter comes before the District of Columbia Department of Housing and Community Development, Housing Regulation Administration, Rental Accommodations Division (RAD), pursuant to Title II of the Rental Housing Act of 1985, as amended, D.C. Law 6-10, effective July 17, 1985, (the Act), D.C. Code Section 42-3501.01 (2001) et seq., the D.C. Administrative Procedure Act, D.C. Code Section 2-501 et seq. (2001), and the Rules of the Rental Housing Commission, 33 DCR 2656 (May 2, 1986), 14 D.C.M.R Sections 3800-4399 (2004) (the Rules).

Procedural History

On February 11, 2008, proposed Voluntary Agreement (VA) 08,003 was filed with the Rental Accommodations Division (RAD), pursuant to D.C. Official Code 42-3502.15, 14 D.C.M.R. 4213, to adjust the rent levels, alter related services and facilities and effectuate improvements at the housing accommodation located at 1722 - 19th Street, NW (Housing Accommodation), which is known as the Sedgewick Apartments. The proposed agreement was filed by UIP, LLC ("Developer") on behalf of Connie 19th Street, LLC, Janet 19th Street, LLC, Janice Calomiris, George D. Calomiris and Penelope Calomiris ("Housing Provider"). The Developer, a contract purchaser, entered into a contract of sale on July 17, 2007 to purchase the Housing Accommodation.

On March 18, 2008, the Developer filed the final Voluntary Agreement, on behalf of the Housing Provider. Also submitted was an agreement, entitled "Sedgewick Apartment Agreement" ("Sedgewick Agreement") executed by the Developer, The Sedgewick Tenants

Association (“Tenant Association”), and the Housing Provider. The following documents were attached to the Agreement as Exhibits; Exhibit A – List of Qualified Tenants by Name and Apartment Number; Exhibit B – the 70% Voluntary Agreement; Exhibit C – Lease Amendment; and Exhibit D – Scope of Work and Schedule.

On May 2, 2008, the Rent Administrator issued an Order denying and dismissing without prejudice the Voluntary Agreement based on the Housing Provider’s failure to properly file this petition pursuant to 14 D.C.M.R. 3901. Specifically, the Rent Administrator determined that the Housing Provider failed to be bound to the terms of the Sedgewick Agreement and those of the final executed Voluntary Agreement.

On May 9, 2008, WRF 1722 19th Street, L.P. (“WRF”), the purchaser of the Housing Accommodation, and the Tenants Association filed Joint Exceptions and Objections (“Exceptions and Objections”) to this Order. Petitioners’ Exceptions and Objections disclosed the following information: 1) On March 18, 2008, the Housing Provider conveyed the Housing Accommodation to a third party, WRF, following the submission of the final Voluntary Agreement to RAD; 2) On April 1, 2008, the Housing Provider assigned all of the leases of the Housing Accommodation to WRF. Attached as Exhibit 1 to the Exceptions and Objections is a copy of a deed, dated April 2, 2008, transferring the property from the Housing Provider to WRF. Exhibit 2 is a document, dated April 1, 2008, entitled “*Assignment and Assumption of Leases.*” The Housing Provider, Calomiris, has not joined in this application and has not filed exceptions or objections.

For the reasons set forth below, I affirm the May 2, 2008 Order, denying and dismissing the Voluntary Agreement without prejudice.

Findings of Fact and Conclusions of Law

1. Neither UIP nor WRF was the Housing Provider when the Voluntary Agreement was Executed

Petitioners argue that WRF is currently bound by the Voluntary Agreement based on WRF’s acquisition of the Housing Accommodation on April 2, 2008, a condition that was met pursuant to the terms of the Sedgewick Agreement. It is acknowledged by the Petitioners that WRF only assumed ownership of the Housing Accommodation following the execution of the Voluntary Agreement.

Voluntary Agreements are designed to capture the agreement of specifically defined parties. D.C. Code Section 42-3502.15(a) states that those legally defined parties are tenants and a housing provider. The Court of Appeals in Tenants of 1460 Euclid Street, N.W. v. D.C. Rental Housing Commission, 502 A.2d 470 (1985), explored the issue of those who are authorized to sign a voluntary agreement. The Court found that the “Voluntary Agreement provision requires the signature of those individuals who derive certain legal rights from the lease of a rental unit[.]” 502 A.2d at 472. In the instant matter, it is uncontroverted that neither the Developer nor WRF was the housing provider at the time the Voluntary Agreement was submitted. As such,

neither would fall within the definition of Housing Provider, as provided by the Act. A prospective housing provider has no more authority under the Act to sign a voluntary agreement than a prospective tenant has – only actual housing providers and tenants have standing to execute such agreements.

Counsel for Petitioners cite to the Court of Appeals decision in Davenport v. District of Columbia Rental Housing Commission, 579 A.2d 1155 (D.C.1990), to support the argument that additional signatures may be obtained after the Voluntary Agreement is filed. Reliance on Davenport is misplaced. In Davenport, the Court was asked to review the Rent Administrator's decision which challenged the housing provider's ability to submit additional signatures of tenants after the voluntary agreement was filed. In that case, the Court addressed the housing provider's ability to add tenant signatures where the 70% requirement had not been met. The parties in Davenport were not challenging the validity of a tenant's status but the ability to submit signatures of those clearly identified as tenants pursuant to the voluntary agreement. In the instant matter, WRF is seeking to enforce a Voluntary Agreement that it was not party to – hardly an analogous circumstance.

2. The Housing Provider Was Not Bound by the Voluntary Agreement

The Housing Provider, Calomiris, has not joined in the Exceptions and Objections. Counsel for the Petitioners argues that the Housing Provider was bound only to the Voluntary Agreement but not to the Sedgewick Agreement. The Sedgewick Agreement incorporates the terms of the Voluntary Agreement and is an Exhibit to the Voluntary Agreement. More importantly, the Sedgewick Agreement provides:

It is acknowledged and agreed that if Developer fails to acquire the Property, the increased rents and all other provisions in the 70% Voluntary Agreement shall not go into effect, all of the parties hereto will promptly take all actions necessary to cause the DC Rent Administrator to void and revoke the 70% Voluntary Agreement, and the rents permitted to be charged by Sellers shall be as they are as of this date, plus any legal rent increases available to Sellers after this date, excluding the 70% Voluntary Agreement.

This provision rebuts Petitioners' position that the Housing Provider intended to be bound only to the terms of the Voluntary Agreement and not the Sedgewick Agreement. These agreements are inextricably connected and cannot be reviewed independently.

Petitioners argue that the presence of a condition allowing a party to terminate an agreement does not mean that the contract does not come into existence. In support of this position, Petitioners cite to Beavers Service Inc. v. Norris, 470 A.2d 312, (D.C. 1983). Voluntary Agreements by their very nature are not contracts that can be executed by parties with contingent interests. Once approved, these agreements are binding on the housing provider and the tenants. In Beavers, the Court of Appeals was called upon to review a contract of sale between an owner and buyer. That case is in no way similar to the facts at issue here.

Moreover, the Developer's intent to be bound to the Voluntary Agreement was also contingent upon the sale of the Housing Accommodation to the Developer. The Petitioners argue that there is a present intent by the current owner to be bound. However, the "Vacate Agreement" provision in the Sedgewick Agreement demonstrates the Developer's conditional agreement to be bound. This provision provides:

In the event less than 15 Qualified Tenants submit a signed Notice of Vacating prior to the Closing Date, Developer shall have the option to declare that all obligations of both parties under this Agreement are terminated, except the TA's waiver and rejection of its TOPA rights under Section 8 shall continue in full force and effect. In that event, the 70% Voluntary Agreement shall be void.

The Housing Provider continues by detailing a payment schedule for vacating tenants of up to \$15,000. This provision, coupled with the other contingent terms of this Voluntary Agreement, negates and contradicts any intent to be unconditionally bound, a prerequisite for any voluntary agreement.

3. Petitioners Have Failed to Disclose a Substantive Change

14 D.C.M.R. 3903.4, permits the Rent Administrator to dismiss a petition if it is not properly filed. As of the date of the executed Voluntary Agreement, the Housing Provider did not intend to be bound to the terms of the Voluntary Agreement. This is evident by the subsequent transfer of the property following the submission of the final Voluntary Agreement. Once the transfer had been made, the Housing Provider was obligated to notify the Rent Administrator of this fact.

The Housing Provider certified in the Voluntary Agreement, in pertinent part;

It shall be the responsibility of the Housing Provider to report any substantive changes in the information provided herein if the changes occur while this petition is pending before the Rent Administrator.

This certification was executed by the Housing Provider on January 21, 2008. The transfer of the Housing Accommodation following the submission of this document is a substantive change and the Housing Provider's failure to report this change is a violation of the regulations. It was incumbent upon the Housing Provider to report this change to RAD.

4. The Voluntary Agreement Contradicts the Provisions of Section 102 of the Act

For the reasons set forth above, it is evident that there were adequate grounds to dismiss the petition based on what might be termed "procedural" insufficiencies. In order to provide additional guidance as to the "substance" of the proposed agreement in the event an agreement is to be properly filed in the future, it is appropriate to address the particulars of the Voluntary Agreement in light of the purposes of the Act. When doing so, I find that, even if the Voluntary

Agreement had been properly filed by the appropriate party, the agreement would be denied because it violates the purposes of the Rental Housing Act of 1985 in several respects.

In accordance with 14 D.C.M.R. 4213.19(c), the Rent Administrator may disapprove a voluntary agreement that has been approved by 70% of tenants if the agreement contradicts the provisions of § 102 of the Act or results in inequitable treatment of the tenants. Section 102 of the Act, codified at D.C. Official Code Section 42-3501.02 (2001), sets forth the purposes of the Act. The purposes include:

- (1) To protect low-and moderate income tenants from the erosion of their income from increased housing costs;
- (2) To provide incentives for the construction of new rental units and the rehabilitation of vacant rental units in the District;
- (3) To continue to improve the administrative machinery for the resolution of disputes and controversies between housing providers and tenants;
- (4) To protect the existing supply of rental housing from conversion to other uses; and
- (5) To prevent the erosion of moderately priced rental housing while providing housing providers and developers with a reasonable rate of return on their investments.

The Rental Housing Act is to be liberally construed to achieve its purposes. Goodman v. District of Columbia Rental Housing Com'n, 573 A.2d 1293 (D.C. 1990).

(a) The Proposed Increased Rent Ceilings for Future Tenants is Not Justified

According to the Proposed Rent Adjustment Schedule contained in the Voluntary Agreement and the Sedgewick Agreement, rents for new tenants can increase anywhere from 50% to 300%. Current monthly rents at the Sedgewick Apartments range from \$362 to \$2241. The highest monthly rent proposed by petitioner is \$2,950 and the lowest monthly rent proposed is \$1650. Currently, only 9 of the 89 units are charged over \$1650 per month in rent. In Exhibit D of the Sedgewick Agreement, titled "Scope of Work and Schedule," substantial improvements to the housing accommodation are outlined; however, the estimated cost of these improvements is not provided. Whether the higher rent levels are proportional to the Housing Provider's investment in the Housing Accommodation cannot be assessed. As a result, new tenants will be charged significantly higher rents than the current tenants without sufficient justification for the increased rent.

In Tenants of 738 Longfellow Street v. District of Columbia Rental Housing Com'n, 575 A.2d 1205 (1990), the D.C. Court of Appeals held that where a landlord has established a right to substantially rehabilitate a housing accommodation and to raise the rent ceiling accordingly,

there must be sufficient explanation as to how the percentage of the rent increase was determined. The Court further stated that “the provision for substantial rehabilitation in § 45-2524 [now D.C. Code § 42-3502.14], which effectively permits a landlord to escape the proscriptions of the Act and substantially raise his rents, likewise ought to be given a parsimonious interpretation, rather than an expansive one.” 575 A.2d 1205, 1211. Similarly, where the effect of a proposed voluntary agreement is to significantly raise rent levels for future tenants, rather than tenants who actually sign the agreement, a more critical review of the proposed agreement is justified.

A voluntary agreement cannot serve as an artifice that “effectively permits a landlord to escape the proscriptions of the Act and substantially raise his rents.” *Id.* Under the proposed Voluntary Agreement, rent ceiling increases range anywhere from 50% to 300%. And while the Voluntary Agreement does provide for planned improvements to the Housing Accommodation, there is no attempt to justify these improvements by the existing conditions within the building and no attempt to demonstrate that the expected return from increased rents is reasonable. .

(b) **The Proposed Voluntary Agreement does not Protect the Existing Supply of Rental Housing from Conversion to Other Uses**

The Court of Appeals in *Sawyer v. D.C. Rental Housing Com'n*, 877 A.2d 96 (D.C. 2005), examined the Act’s objective of protecting the existing supply of rental housing. The Court recognized that rent control was “born of a perceived severe housing shortage in District.” 877 A.2d 96, 103. The Sedgewick Agreement incorporates terms that contemplate the possible conversion of the Housing Accommodation to either condominium or cooperative use.

Section 10 (d) of the Sedgewick Agreement, entitled “Successor in Interest”, states in relevant part that the terms of the Sedgwick Agreement are binding on all future owners and all assignees. This provision further states: “This specifically includes the owner of any unit in the ~~Property occupied by a Qualified Tenant after a condominium or cooperative conversion of the~~ property.”

Pursuant to Section 215 of the Act, the Voluntary Agreement petition process is designed to achieve limited purposes. Those purposes are to establish new rent charges; alter levels of related services and facilities; and provide for capital improvements and the elimination of deferred maintenance. These purposes do not include the conversion of the Housing Accommodation to condominium or cooperative use, which would serve to deplete the existing supply of rental housing. This purpose is not consistent with the purposes and goals of the Act.

(c) **The Voluntary Agreement Erodes Moderately Priced Rental Housing**

The Voluntary Agreement is categorically reducing the number of occupied moderately priced rental units by requiring a minimum of 15 tenants to submit a notice to vacate. The Sedgewick Agreement contains a “Vacate Agreement” provision which states that in the event a Qualified Tenant vacates the Property within 90 days after the Closing Date, “Developer shall pay \$2,500 to that Qualified Tenant upon receipt of the Notice of Vacating and \$12,500 in

It is **FURTHER ORDERED** that:

This Order is effective immediately.

Right to Appeal Final Decision and Order

Pursuant to DC Official Code, Sect. 42-3502.02 and 14 D.C.M.R. 3802, any party who believes the Final Decision and Order is not supported by the evidence before the Rent Administrator or that the law was applied incorrectly, may request a review by the Rental Housing Commission, by filing a Notice of Appeal. The notice must set forth the specific reasons for appeals, which must be based on the evidence in the official record or the application of law.

Appeals from the Rent Administrator's Final Decision and Order must be file-stamped with the Commission and served on opposing parties within ten (10) days of the date of the Final Decision and Order of the Rent Administrator, on or before SEP -8 2008, excluding Saturdays, Sundays, and holidays, allowing three (3) additional days for mailing pursuant to 14 DCMR § 3912.5. All pleadings and other filings shall be deemed filed when actually received and stamped by the Commission during business hours, 8:30 a.m. to 3:00 p.m., on or before the due date.

Address any Notice of Appeal to:

Rental Housing Commission
941 North Capitol Street, NE Suite 9200
Washington, DC 20002

The failure of the party to file a timely appeal shall result in the waiver of the right to have the Final Decision reviewed by the District of Columbia Court of Appeals.



KEITH ANDERSON, ACTING RENT ADMINISTRATOR
Rental Accommodations Division
Housing Regulation Administration
DC Department of Housing and Community Development

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the Order Denying and Dismissing the May 9, 2008 Exceptions and Objections to the Rent Administrator's May 2, 2008 Order, in the matter of VA 08,003, was sent by US Priority Mail, with delivery confirmation, on to the parties listed below.



Certifying Party

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Tenants of
1722 – 19th Street, N.W.
Apartments: 102-112, 201-211, 301, 302, 304-311,
402-411, 501-511, 601-611, 701-710, 801-811
Washington, D.C. 20036-5605
(See attached list of Tenants' Names)

EXHIBIT A
LIST OF QUALIFIED TENANTS
BY NAME AND APARTMENT NUMBER

<u>Tenants</u>	<u>Lease Date</u>
102 John Burgess	12/1/07
103 Alfred Carry and Justin Walls	9/10/2007
104 Anthony Jesper	7/1/1974
105 Kevin Henderson	2/6/2003
106 Katherine Wilczak and Lisa Blasberg	8/13/2007
107 David Bogomolny	6/1/2006
108 Devin Kalman	8/1/2007
109 Elissa Froman	6/7/2007
110 Hallie Merrick	9/1/2007
111 Robert Schendlé	7/9/2007
112 Karen Schoenian	11/30/1982
201 Katherine Campbell	6/1/2007
202 Milosz Banbor	2/14/2007
203 Anna Kukulhausand Denise Menaker	7/20/2007
204 Michael Verga	8/1/2007
205 Dianna Eshman	3/18/1971
206 Shannon O'Connell	3/8/2007
207 Philip Mancini	4/1/2005
208 Jessica Schwartz	6/1/2007
209 Niv Elis	8/17/2007
210 Steven Reichert	8/16/1989
211 Riley and Raluca Graebner	6/11/2007
301 Christopher Oleson	8/1/2007
302 Hiep Quan Phan	9/9/1975



304	Jeanette Wilkins and Garnette Wilkins	4/1/1991
305	Kathleen Bresnahan	7/1/2003
306	Amy Lowenstein	2/4/2005
307	Erin Grayson	10/5/2007
308	Jennifer Crocker	12/1/1992
309	Mariah Strauch-Nelson	1/10/2008
310	Nicholas Jernigan and Catherine Griffin	5/11/2007
311	Gregory Jorgensen	2/7/2007
402	Joel Denker and Margaret Denker	7/11/1979
403	Rosemary and Bernadette DiRita	6/1/2006
404	Marisa Cochrane and Timothy Sullivan	10/1/2007
406	Joan Laprell	3/1/1973
407	Megan McDonald	3/1/2003
408	Jason Splitalnick	8/16/2007
409	Christopher Anderson	10/1/2007
410	Robert Bigelow	2/26/1993
411	Shantanu Sood	6/1/2006
501	Gregg Tucker and Thomas Skvarka	3/1/2005
502	Emily Goodstein	7/1/2005
503	Ben Levin and Stephen Kallus	8/14/2007
504	Basil Waite	8/1/2005
505	Henry Hunter	8/30/2007
506	Kathleen Czerw	4/17/2007
507	Steven Hoffman	1/7/2008
508	Ethan Jones	7/25/2003
509	Jeanne Mallett	2/23/1998
510	Judith Andrews	9/28/1987
511	Hans Weisfeld	12/15/2000

A handwritten signature and initials are located in the bottom right corner of the page. The signature appears to be "D" inside a circle, followed by a stylized signature that looks like "SS".

601	Emilie Kahn	6/1/2007
602	Inna Dexter	6/12/2004
603	Leah Woodward and Grace He	4/23/2007
604	Harriet Fields	12/16/1993
605	Kristin Debord	10/20/2005
606	Marni Rosen	3/20/2007
607	Seda Coban	2/2/2007
608	Henry Donnelly	6/6/1996
609	Mary Francis	1/1/2008
610	Joanne Barrett	2/28/1999
611	Alice Koethe	10/1/2007
701	Erika Weinstein	4/15/2004
702	Sara Rycroft and Yae Chung	4/5/2002
703	Rebecca Obstler	2/1/2007
704	John Seager and John Seager Jr.	8/8/2002
705	Annelise Finley	8/1/2005
706	Roger Peverley	11/10/1966
707	Prema Mankad	3/16/2007
708	Andrew Doss	5/23/2007
709	Prudence Peiffer	8/21/2007
710	Zohara Cohen	3/1/2002
801	Alice Poole	8/2/2007
802	Amanda Powell and Joshua Heppner	11/1/2004
803	Leslie Day and Christina Heintz	8/1/2007
804	Mystique Cano and Jeffrey Crouch	5/22/2007
805	Jennifer McKell	3/23/1982
806	Giulia D'Ambrosio	3/8/2007
807	Nikola Agatic	3/9/2007



808	Maureen Backmon	7/1/2007
809	Kenneth Lam	9/12/2005
810	Melissa Sharp	7/1/2005
811	Michael Finnegan	3/21/2007

Vacant Units

401

405

711

Non-Qualified

303 – Employee of the Owner

101 – Office

