
Department of Housing and Community Development

www.dhcd.dc.gov

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Description	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed	% Change from FY 2010
Operating Budget	\$60,981,353	\$91,591,476	\$132,142,618	44.3
FTEs	134.4	132.0	140.1	6.1

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

DHCD focuses on three strategic objectives: (1) preserving and increasing the supply of quality affordable housing; (2) increasing homeownership opportunities; and (3) revitalizing neighborhoods, promoting community development, and providing economic opportunities. To help meet the housing needs of the city's low-to-moderate income residents, DHCD operates programs for individuals, developers, and

community groups. DHCD also ensures the preservation and maintenance of affordable rental housing by regulating building sales and conversion, administering the Rental Housing Act of 2006, and by enforcing the Tenant Opportunity to Purchase Act (TOPA).

The agency's FY 2011 proposed budget is presented in the following tables:

FY 2011 Proposed Gross Funds Operating Budget, by Revenue Type

Table DB0-1 contains the proposed FY 2011 agency budget compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

Table DB0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
General Fund						
Local Funds	3,346	15,705	10,020	12,064	2,044	20.4
Special Purpose Revenue Funds	16,093	3,622	10,603	8,414	-2,189	-20.6
Total for General Fund	19,439	19,327	20,623	20,478	-145	-0.7
Federal Resources						
Federal Grant Funds	69,988	36,744	63,962	83,635	19,673	30.8
Total for Federal Resources	69,988	36,744	63,962	83,635	19,673	30.8
Intra-District Funds						
Intra-District Funds	185	4,910	7,007	28,030	21,023	300.0
Total for Intra-District Funds	185	4,910	7,007	28,030	21,023	300.0
Gross Funds	89,612	60,981	91,591	132,143	40,551	44.3

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Full-Time Equivalents, by Revenue Type

Table DB0-2 contains the proposed FY 2011 FTE level compared to the FY 2010 approved FTE level by revenue type. It also provides FY 2008 and FY 2009 actual data.

Table DB0-2

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change
<u>General Fund</u>						
Local Funds	19.8	274	24.0	28.3	4.3	17.9
Special Purpose Revenue Funds	9.3	33.6	18.0	21.9	3.9	21.7
Total for General Fund	29.1	61.0	42.0	50.2	8.2	19.5
<u>Federal Resources</u>						
Federal Grant Funds	105.5	73.4	90.0	60.5	-29.5	-32.8
Total for Federal Resources	105.5	73.4	90.0	60.5	-29.5	-32.8
<u>Intra-District Funds</u>						
Intra-District Funds	0.0	0.0	0.0	29.4	29.4	N/A
Total for Intra-District Funds	0.0	0.0	0.0	29.4	29.4	N/A
Total Proposed FTEs	134.6	134.4	132.0	140.1	8.1	6.1

FY 2011 Proposed Operating Budget, by Comptroller Source Group

Table DB0-3 contains the proposed FY 2011 budget at the Comptroller Source group (object class) level compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

Table DB0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
11 - Regular Pay - Cont Full Time	8,799	6,391	8,700	9,545	845	9.7
12 - Regular Pay - Other	1,262	1,126	1,373	1,670	296	21.6
13 - Additional Gross Pay	248	105	51	176	125	243.9
14 - Fringe Benefits - Current Personnel	1,729	1,223	1,213	1,442	229	18.9
15 - Overtime Pay	46	9	21	0	-21	-100.0
Subtotal Personal Services (PS)	12,084	8,854	11,358	12,833	1,475	13.0
20 - Supplies and Materials	32	5	299	244	-55	-18.5
30 - Energy, Comm. and Building Rentals	7	12	16	19	3	21.1
31 - Telephone, Telegraph, Telegram, Etc.	99	19	94	96	3	3.0
32 - Rentals - Land and Structures	1,981	1,344	2,136	1,888	-249	-11.6
33 - Janitorial Services	0	1	0	0	0	N/A
34 - Security Services	84	7	6	6	0	0.0
35 - Occupancy Fixed Costs	0	0	15	11	-4	-24.7
40 - Other Services and Charges	534	353	1,580	2,500	920	58.2
41 - Contractual Services - Other	5,270	1,421	3,229	7,486	4,257	131.9
50 - Subsidies and Transfers	69,220	48,966	72,793	106,831	34,038	46.8
70 - Equipment and Equipment Rental	37	0	66	229	163	245.9
91 - Expense Not Budgeted Others	264	0	0	0	0	N/A
Subtotal Nonpersonal Services (NPS)	77,528	52,127	80,234	119,310	39,076	48.7
Gross Funds	89,612	60,981	91,591	132,143	40,551	44.3

*Percent change is based on whole dollars.

Division Description

The Department of Housing and Community Development operates through the following 9 divisions:

Development Finance Division (DFD) - provides funding for the development of rental, homeownership and community facility developments that serve District of Columbia neighborhoods. As both the creation and preservation of affordable housing units are important to DHCD, DFD plays a prominent role in helping the agency achieve its annual multi-family housing production goals.

This division contains the following 3 activities:

- **Affordable Housing Project Financing** - provides funding through a competitive Request for Proposal (RFP) funding process that targets communities and types of development needed to revitalize neighborhoods. This activity also provides development financing and regulatory oversight to nonprofit and for-profit developers so that they can develop properties as affordable ownership and rental units. This activity includes the preparation of Notice of Funding Availability and RFP documents, management of the application and selection process, project management meetings, construction overviews, underwriting, architectural reviews, monitoring reports, funding request presentations, loan closings, and project monitoring services;
- **Community Facilities Project Financing** - provides funding through a competitive Request for Proposal (RFP) funding process for development financing and regulatory oversight to nonprofit and for-profit developers so that they can develop properties as neighborhood community/commercial facilities. This activity includes the preparation of Notice of Funding Availability and RFP documents, management of the application and selection process, project management meetings, construction overviews, underwriting, architectural reviews, monitoring reports, funding request presentations, loan closings, and project monitoring services; and
- **Tenant Opportunity to Purchase Assistance** - provides organizational and development assistance to tenant organizations expressing interest in purchasing their buildings after receiving a

Right-of-First Refusal notice; education and below-market-cost management services to tenant organizations that have purchased their buildings; and financial assistance in the form of seed money, earnest money deposits, and acquisition loans to low-to-moderate income tenant organizations wishing to purchase their buildings after receiving the Right-of-First Refusal notice. Additional services provided in the TAP program include housing counseling services, contract management, and monitoring.

Residential and Community Services Division (RCSA) - provides funding for programs focused on household level housing needs and neighborhood revitalization. RCSA works through neighborhood-based organizations providing comprehensive housing counseling, small business technical assistance and façade improvement opportunities. RCSA administers the District's Home Purchase Assistance Program and Employee Assisted Housing Programs, which provide financial assistance for low and moderate income households and District Government employees for the purpose of first-time home purchase. The Division also provides rehabilitation resources, including grants for lead hazard remediation to eligible units and loans as well as grants to eligible District homeowners in order to preserve homeownership in the District.

This division contains the following 6 activities:

- **Community Services - Housing Counseling (Neighborhood Based Activities)** - provides funding for counseling services to tenants, potential homeowners, and current homeowners in support of various DHCD programs;
- **Community Services - Commercial Revitalization** - provides grants to neighborhood-based organizations for technical assistance to small businesses and storefront façade improvements in commercial corridors;
- **Residential Services - Home Purchase Assistance Program (HPAP)** - provides down payment and closing cost assistance to low and moderate income District residents so that they can become first-time homebuyers in the District of Columbia;
- **Residential Services - Employer Assisted Housing Program (EAHP)** - provides down pay-

ment and closing cost assistance to qualified District of Columbia government employees;

- **Residential Services - Lead Safe Washington** - provides funding to reduce lead-based paint hazards in eligible single and multi-family dwellings; and
- **Residential Services - Single Family Rehabilitation** - helps households finance up to \$75,000 in loans for home repairs that will address DC housing code violations, such as repairing walls and floors, replacing windows, and repairing plumbing, electrical, and heating systems.

Property Acquisition and Disposition Division (PADD) - 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. PADD has three main functions: (1) encourage property owners to rehabilitate and/or occupy their vacant and abandoned residential property; (2) acquire vacant, abandoned and deteriorated properties through negotiated friendly sale, eminent domain, donation, or tax sale foreclosure and (3) dispose of properties in the PADD inventory by selling the properties to individuals or developers to be rehabilitated into high quality affordable and market-rate single-family and/or multi-family for-sale housing in District neighborhoods.

This division contains the following 3 activities:

- **Property Acquisition** - acquires vacant, abandoned and deteriorated properties through negotiated friendly sale, eminent domain, donation, or tax sale foreclosure when owners are unwilling or unable to maintain their properties;
- **Property Disposition** - disposes of properties in the PADD inventory by selling the properties to individuals or developers to be rehabilitated into high quality affordable and market-rate single-family and/ or multi-family for-sale housing in District neighborhoods; and
- **Property Management** - provides funding for the maintenance of properties in PADD's inventory until they can be disposed of to create affordable housing units.

Portfolio and Asset Management Division (PAMD) - provides portfolio management and oversight to outstanding loans to DHCD and manages the allocation of Low Income Housing Tax Credits (LIHTC). Established in FY 2008, the division monitors the status of existing loans to ensure compliance with loan covenants and collections of loans that are due and conducts the reviews of the risks and relationships of potential borrowers to protect the Department's assets.

This division contains the following 2 activities:

- **Portfolio and Asset Management** - monitors the status and ensures the performance of all loans in the Department's portfolio; and
- **Tax Credit Allocation** - manages the allocation of the District's share of Low Income Housing Tax Credits (LIHTC) issued by the US Treasury Department in accordance to the Internal Revenue Code, Section 42, and the District's Qualified Allocation Plan (QAP).

Program Monitoring Division (PMD) - conducts oversight and reviews of DHCD projects and funding recipients. Its core functions include the following types of oversight: (1) contract compliance – completing various Federally required compliance reviews as part of the underwriting and project development process; (2) quality assurance – monitoring the compliance of DHCD funded sub-recipients with Federal HOME Investments Partnership Program and Community Development Block Grant Program (CDBG) funding requirements; and (3) compliance monitoring – ensuring projects developed by DHCD through the Housing Production Trust Fund (HPTF), CDBG, HOME, and LIHTC programs remain in compliance with federal and local program requirements throughout the duration of the projects period of affordability.

This division contains the following 3 activities:

- **Contract Compliance** - provides oversight and monitoring services of DHCD projects to ensure the Department's use of project funds fully complies with HUD and District regulations;
- **Quality Assurance** - provides program review and performance evaluation to DHCD and contractors so that they can operate in full compliance with regulations in the most effective and efficient manner possible; and

- **Homelessness Prevention Compliance** - monitors programs aimed at preventing individuals and families from becoming homeless to ensure compliance with Federal rules and regulations.

Housing Regulation Administration (HRA) - administers residential housing regulations relating to condominium and cooperative conversions, rent adjustment procedures, licensing, and other related matters. It includes the Rental Accommodation Division (RAD) and the Rental Conversion and Sales Division (CASD), and manages the DHCD Housing Resource Center.

This division contains the following 3 activities:

- **Rental Conversion and Sales Division (CASD)** - administers the District's tenant opportunity to purchase program, regulates the conversion of property to condominiums and cooperatives, registers condominium and cooperative projects, and administers the structural defect warranty claim program;
- **Rental Accommodations Division (RAD)** - administers the District's rent stabilization program, including registering and licensing rental housing, administering rent adjustments procedures, processing landlord and tenant petitions, providing conciliation services, and acting as a repository for notices to vacate and all rental property records; and
- **Housing Resource Center (HRC)** - provides rental housing services to landlords and tenants and, starting in FY 2009, additionally provides information to the public on all of the Department's services for first-time homebuyers, developers of affordable housing projects, and low-income homeowners. The Housing Resource Center also includes access to the Affordable Housing Locator and an office of University Legal Services for on-site housing counseling.

Rental Housing Commission (RHC) - enforces the Rental Housing Act of 1985, as amended. The commission has three statutory functions in order to preserve and increase the supply of quality affordable housing in the District: (1) to issue, amend and rescind regulations that are promulgated for enforcement of the Act; (2) to certify and publish the annu-

al adjustment of general applicability to rents and/or rent ceilings, which adjustment is based upon annual changes (if any) in the Consumer Price Index for the applicable region in which the District of Columbia is located; and (3) to decide appeals brought to the Commission from the Rent Administrator and the Office of Administrative Hearings (OAH). Although the Commission is an independent quasi-judicial body, it has direct reporting responsibility to DHCD on administrative, management, and budgetary matters.

This division contains the following activity:

- **Rental Housing Commission (RHC)** - hears appeals of rental housing decisions, is supported by HRA and DHCD, and is an independent body.

Agency Management - provides for administrative support and the required tools to achieve operational and programmatic results. This division is standard for all performance-based budgeting agencies.

Agency Financial Operations - provides comprehensive and efficient financial management services to, and on behalf of, District agencies so that the financial integrity of the District of Columbia is maintained. This division is standard for all agencies using performance-based budgeting.

Division/Program Structure Change

In FY 2011, the agency will convert to division-based budgeting. The proposed division/program structure changes are provided in the Agency Realignment appendix to the proposed budget, which is located at www.cfo.dc.gov on the Annual Operating Budget and Capital Plan page.

FY 2011 Proposed Operating Budget and FTEs, by Division and Activity

Table DB0-4 contains the proposed FY 2011 budget by division and activity compared to the FY 2010 approved budget. It also provides the FY 2009 actual data.

Table DB0-4

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(1000) Agency Management Program								
(1010) Personnel	43	106	520	415	0.5	1.0	0.0	-1.0
(1015) Training and Employee Development	95	167	244	77	0.9	1.0	1.0	0.0
(1020) Contracting and Procurement	85	54	80	26	0.0	0.0	1.0	1.0
(1030) Property Management	1,609	2,679	3,621	942	4.0	4.0	5.2	1.2
(1040) Information Technology	472	505	588	83	4.3	4.0	3.0	-1.0
(1050) Financial Management	586	1,507	0	-1,507	0.0	0.0	0.0	0.0
(1055) Risk Management	0	0	2,673	2,673	0.0	0.0	5.0	5.0
(1060) Legal	262	1,023	1,503	480	1.0	1.0	1.0	0.0
(1070) Fleet Management	18	45	12	-33	0.6	0.0	0.0	0.0
(1080) Communications	570	670	681	11	8.7	7.0	4.5	-2.5
(1085) Customer Service	83	161	194	32	3.1	4.0	4.0	0.0
(1087) Language Access	0	0	9	9	0.0	0.0	0.0	0.0
(1090) Performance Management	475	939	941	2	8.8	8.0	9.0	1.0
Subtotal (1000) Agency Management Program	4,298	7,855	11,064	3,209	31.9	30.0	33.7	3.7
(100F) Agency Financial Operations								
(110F) Budget Operations	5,266	177	1,133	956	3.7	2.0	2.0	0.0
(120F) Accounting Operations	223	245	247	2	3.0	3.0	3.0	0.0
(130F) Fiscal Officer	293	79	333	254	3.1	1.0	3.0	2.0
Subtotal (100F) Agency Financial Operations	5,782	501	1,713	1,212	9.8	6.0	8.0	2.0
(2000) Development Finance Division								
(2010) Affordable Housing Project Financing	16,215	30,884	65,501	34,617	19.0	19.0	18.0	-1.0
(2011) DFD Project Financing STM	0	872	0	-872	0.0	0.0	0.0	0.0
(2012) DFD Project Financing STM TCAP	0	8,748	0	-8,748	0.0	0.0	0.0	0.0
(2013) DFD Project Financing STM NSP	0	2,240	0	-2,240	0.0	0.0	0.0	0.0
(2015) Community Facilities Project Financing	0	0	4,000	4,000	0.0	0.0	0.0	0.0
(2020) Tenant Opportunity to Purchase Assistance	43	0	81	81	0.6	0.0	1.0	1.0
Subtotal (2000) Development Finance Division	16,258	42,744	69,583	26,838	19.6	19.0	19.0	0.0

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Table DB0-4 (Continued)

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(3000) Residential and Community Service Division								
(3010) Neighborhood Based Activities	3,026	10,150	5,860	-4,290	7.6	9.0	8.0	-1.0
(3020) Community Services - Commercial Revitalization	0	0	2,349	2,349	0.0	0.0	1.0	1.0
(3030) Residential Services - HPAP	0	0	17,370	17,370	0.0	0.0	4.2	4.2
(3040) Residential Services - EAHP	0	0	893	893	0.0	0.0	0.0	0.0
(3050) Residential Services - Lead Safe Washing	0	0	2,977	2,977	0.0	0.0	4.0	4.0
(3060) Residential Services - Single Family Rehabilitation	0	0	3,163	3,163	0.0	0.0	7.0	7.0
Subtotal (3000) Residential and Community Service Division	3,026	10,150	32,612	22,462	7.6	9.0	24.2	15.2
(4000) Emergency Shelter Grant Management Program								
(4010) Emergency Shelter Grant Management Program	1,338	1,540	0	-1,540	0.0	0.0	0.0	0.0
(4011) Emergency Shelter Grant Management Program STM	0	2,496	0	-2,496	0.0	0.0	0.0	0.0
No Activity Assigned	3,286	0	0	0	0.0	0.0	0.0	0.0
Subtotal (4000) Emergency Shelter Grant Management Division	4,624	4,036	0	-4,036	0.0	0.0	0.0	0.0
(4100) Property Acquisition and Disposition Division								
(4120) Property Acquisition	186	1,222	2,882	1,660	3.5	3.0	1.0	-2.0
(4130) Property Disposition	0	0	750	750	0.0	0.0	0.0	0.0
(4140) Property Management	0	0	250	250	0.0	0.0	0.0	0.0
Subtotal (4100) Property Acquisition and Disposition Division	186	1,222	3,882	2,660	3.5	3.0	1.0	-2.0
(4500) Portfolio and Asset Management Division								
(4510) Portfolio and Asset Management	462	572	467	-105	5.4	7.0	4.2	-2.8
(4520) Tax Credit Allocation	0	0	192	192	0.0	0.0	2.0	2.0
Subtotal (4500) Portfolio and Asset Management Division	462	572	659	87	5.4	7.0	6.2	-0.8
(5000) Economic and Commercial Development								
(5030) National Capital Revitalization Corporation	3,258	0	0	0	0.0	0.0	0.0	0.0
Subtotal (5000) Economic and Commercial Development	3,258	0	0	0	0.0	0.0	0.0	0.0
(6000) Homeownership and Home Rehabilitation Assistance								
(6010) Home Purchase Assistance Program (HPAP)	18,883	11,575	0	-11,575	4.4	8.0	0.0	-8.0
(6011) Home Purchase Assistance Program (EAHP)	0	7,400	0	-7,400	0.0	0.0	0.0	0.0
(6030) Homestead Housing Preservation	-24	0	0	0	0.0	0.0	0.0	0.0
(6040) Single Family Residential Rehabilitation	58	401	0	-401	8.6	5.0	0.0	-5.0
Subtotal (6000) Homeownership and Home Rehabilitation Assist.	18,916	19,376	0	-19,376	13.0	13.0	0.0	-13.0

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Table DB0-4 (Continued)

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(7000) Program Monitoring Division								
(7010) Contract Compliance	1,269	1,303	1,192	-111	14.6	14.0	14.0	0.0
(7020) Quality Assurance	314	315	417	102	3.0	3.0	4.0	1.0
(7030) Homelessness Prevention Compliance	0	0	8,076	8,076	0.0	0.0	2.0	2.0
Subtotal (7000) Program Monitoring Division	1,584	1,618	9,684	8,067	17.6	17.0	20.0	3.0
(8000) Rental Housing								
(8010) Rental Accommodations and Conversion	653	0	0	0	3.8	0.0	0.0	0.0
(8030) Rental Housing Commission	4	0	0	0	0.0	0.0	0.0	0.0
Subtotal (8000) Rental Housing	657	0	0	0	3.8	0.0	0.0	0.0
(8100) Housing Regulation Administration								
(8110) Rental Conversion and Sales	0	0	0	0	0.0	12.0	0.0	-12.0
(8110) Rental Conversion and Sales Division	810	1,709	1,149	-560	9.7	0.0	10.0	10.0
(8120) Housing Resource Center	0	0	103	103	0.0	0.0	1.0	1.0
(8140) Rental Accommodations Division	619	764	994	231	8.2	11.0	13.0	2.0
Subtotal (8100) Housing Regulation Administration	1,429	2,472	2,246	-227	18.0	23.0	24.0	1.0
(9100) Rental Housing Commission								
(9110) Rental Housing Commission	502	1,046	700	-346	4.2	5.0	4.0	-1.0
Subtotal (9100) Rental Housing Commission	502	1,046	700	-346	4.2	5.0	4.0	-1.0
Total Proposed Operating Budget	60,981	91,591	132,143	40,551	134.4	132.0	140.1	8.1

(Change is calculated by whole numbers and numbers may not add due to rounding.)

Note: For more detailed information regarding the proposed funding for the activities within this agency's Divisions, please see **Schedule 30-PBB Program Summary By Activity** in the **FY 2011 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Budget Changes

Intra-Agency Adjustments: For FY 2011, DHCD is conducting four major changes to its budget: (1) restructuring the programs in the Agency's budget to divisions in order to more accurately reflect DHCD's organizational structure, (2) shifting funds from the Housing Production Trust Fund (UZ0) to DHCD through an intra-District transfer as opposed to having staff members allocate time across separate budgets, (3) allocating indirect costs properly across all Federal and non-Federal funding sources and (4) replacing Local funds for the Home Purchase Assistance Program (HPAP) with Stimulus funds in order to meet the District's gap-closing targets.

For FY 2011, DHCD is increasing fringe benefits by \$369,528, based on historical growth rates. The agency is also lowering its FY 2011 fleet costs by \$17,622 to be in line with DPW estimates, and increasing IT costs by \$62,805 per OCTO estimates.

Transfers In/Out: Starting in FY 2011, DHCD will bill the Housing Production Trust Fund (HPTF) for services provided via an intra-District transfer, which means that all HPTF FTEs will be accounted for in DHCD's budget. This transfer ensures proper alignment of agency staff and results in an increase of \$27,277,466 and 30.0 FTEs to DHCD's budget.

DHCD will retain \$8,229 for administration expenses for the Emergency Shelter Grant and Shelter Plus Care programs for the Federal funds that will be transferred to the Department of Human Services.

Additional agency transfers include a transfer of \$262,731 in facility and telecom fixed costs to the new fixed cost agency and OFRM. An additional \$53,882 in procurement and human resource assessments will be transferred to OCP/DCHR.

Cost Savings: DHCD will realize Local budget cost savings from its HPAP budget by \$2.9 million. Nonetheless, FY 2010 service levels will be maintained through the addition of \$2.9 million of Federal Recovery Act Neighborhood Stabilization Funds awarded to the agency in the second quarter of FY 2010. Furthermore, the Agency is eliminating three vacancies in the Agency Financial Operations Division accounting for a net savings of \$309,479. In order to further maximize efficiency from personal services costs, DHCD is shifting 3.0 Property Acquisition and Disposition (PADD) FTEs to the

capital budget and 3.0 Agency Management FTEs from Local to Special Purpose funds. Moreover, DHCD is eliminating 2.0 Agency Management FTEs and shifting 2.0 additional Local FTEs and 0.5 Special Purpose FTE to Federal funds.

DHCD's FY 2010 budget included a one-time enhancement of \$500,000 for the Rental Housing Commission, which is not included in the agency's FY 2011 budget. O-Type funds decreased by \$2,557,000 to align with lower revenue forecast for the Unified Fund. In order to increase revenues for the agency's Housing Regulation Administration, DHCD will (1) establish fees for Condo Conversion applications and (2) increase fees for Condo Conversion registrations and certifications.

Protected Programs: To protect and continue DHCD's commitment to thriving, affordable neighborhoods, the budget seeks to protect Federally funded housing programs by (1) maximizing DHCD's compliance with HUD cost allocation requirements and (2) allocating more Agency Management administrative costs to the Local and O-Type budgets. As a result, DHCD is shifting \$1,385,630 into Local and \$764,844 into O-Type funds per the agency's new Cost Allocation Plan.

Policy Initiatives: DHCD is committed to continuing the Home Purchase Assistance Program, which from FY 2007 to FY 2009 has helped over 1,600 District residents purchase their first home through interest free loans for down payments and closing costs. To maintain the FY 2010 commitment of \$6.5 million in one-time Fiscal Stabilization funds, an additional \$6.5 million in Local funds will be added to support HPAP in FY 2011. The FY 2010 Local HPAP enhancement of \$3.3 million will also be continued into FY 2011. As mentioned above, DHCD plans to reduce its Local HPAP budget by \$2.9 million, which will be fully replaced by Stimulus funds in FY 2011. Declining Federal CDBG and HOME resources, however will result in a HPAP budget of \$17.4 million.

Stimulus: The FY 2011 proposed budget includes \$39,921,997 in Federal Stimulus funds from the Housing Economic Recovery Act (HERA) and the American Recovery and Reinvestment Act (ARRA). Of the total amount, \$25.9 million will be used for

DHCD's Developmental Finance Department in order to increase investments in affordable housing and to offset decreases in Housing Production Trust Fund funding availability. Another \$605,000 will be used for funding commercial revitalization activities such as storefront façade improvement, while \$1,753,285 in Lead Hazard Prevention Grants will enhance the Lead Safe Washington program's ability to abate housing units with identified health risks associated with lead-based paint. An additional \$3,477,739 in Stimulus funding will be allocated for Homelessness Prevention Compliance.

In the second quarter of FY 2010, DHCD was awarded \$9.5 million in HUD Neighborhood Stabilization Funds, of which the agency intends to spend approximately \$8 million in FY 2011. Funds will be spent across a variety of activities including \$2.9 million for HPAP, as described above, \$1.3 million for Property Acquisition and Disposition, and \$2.9 million for Development Finance.

FY 2010 Approved Budget to FY 2011 Proposed Budget, by Revenue Type

Table DB0-5 itemizes the changes by revenue type between the FY 2010 approved budget and the FY 2011 proposed budget.

Table DB0-5
(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2010 Approved Budget and FTEs		10,020	24.0
Shift: Replace FY 2010 intra-District funding for HPAP with Local funds	Residential and Community Service Division	6,507	0.0
Eliminate: Adjust from one-time FY 2010 enhancements for small business technical assistance programs, HPAP	Residential and Community Service Division	-5,031	0.0
Enhance: Replace FY 2010 one-time funding for HPAP with supplemental FY 2011 funding	Residential and Community Service Division	3,300	0.0
Reduce: Reduce HPAP budget for cost savings	Residential and Community Service Division	-2,883	0.0
Shift: Reduce Local portion of loan services contract, increase contracts budget for new Inclusionary Zoning program, and increase Local portion of MOU with OAG for legal services	Multiple Programs	-455	0.0
Shift: Absorb administrative cost in accordance with current year cost allocation plan	Multiple Programs	1,386	10.8
Eliminate: Decrease 0.75 FTE in Agency Management	Agency Management Program	-66	-0.8
Eliminate: Remove non-essential 0.75 FTE vacancy	Agency Financial Operations	-77	-0.8
Shift: Shift 2.0 FTE to Federal funds	Agency Management Program	-179	-2.0
Shift: Shift 3.0 FTE to DHCD Unified Fund	Rental Housing	-271	-3.0
Transfer Out: Transfer facility and telecom fixed costs to new fixed cost agency and OFRM	Agency Management Program	-263	0.0
Transfer Out: Transfer procurement and human resources assessments to OCP/DCHR	Multiple Programs	-54	0.0
Cost Increase: Align IT service budget with revised OCTO assessment	Multiple Programs	13	0.0
Cost Decrease: Align fleet assessment with DPW estimates	Agency Management Program	-3	0.0
Cost Increase: Adjust fringe benefits based on historical growth rate	Multiple Programs	128	0.0
Reduce: Hold step increases constant	Multiple Programs	-7	0.0
LOCAL FUNDS: FY 2011 Proposed Budget and FTEs		12,064	28.3
FEDERAL GRANT FUNDS: FY 2010 Approved Budget and FTEs		63,962	90.0
Shift: Decrease administrative costs on Federal Grants in accordance with current year cost allocation plan	Multiple Programs	-3,020	-28.5
Correct: Correct ARRA and HERA Stimulus funding not included in the original FY 2010 budget	Multiple Programs	14,967	0.0
Enhance: Enhance HPAP program with Federal Neighborhood Stabilization funds in order to balance Local funding cuts	Residential and Community Service Division	2,883	0.0
Enhance: Enhance Agency Management Program with additional Federal Neighborhood Stabilization funds	Agency Management Program	955	0.0
Enhance: Enhance Property Acquisition and Disposition Program with additional Neighborhood Stabilization funds	Property Acquisition and Disposition Division	1,333	0.0
Enhance: Enhance DFD with additional Neighborhood Stabilization funds	Development Finance Division	2,883	0.0

(Continued on next page)

Table DB0-5 (continued)
(dollars in thousands)

	PROGRAM	BUDGET	FTE
Cost Decrease: Decrease 1.5 FTE in Agency Management	Agency Management Program	-133	-1.5
Eliminate: Eliminate non-essential vacancy of 1.5 FTEs	Agency Financial Operations	-155	-1.5
Shift: Shift 2.0 FTE from Local funds	Agency Management Program	179	2.0
Cost Increase: Align IT service budget with revised OCTO assessment	Multiple Programs	25	0.0
Cost Decrease: Align fleet assessment with DPW estimates	Agency Management Program	-17	0.0
Cost Decrease: Adjust fringe benefits based on historical growth rate	Multiple Programs	-194	0.0
Reduce: Hold step increases constant	Multiple Programs	-43	0.0
Adjust: Portion for administration costs for the Shelter Plus Care and for the ESG grants.	Program Monitoring Division	8	0.0
FEDERAL GRANT FUND: FY 2011 Proposed Budget and FTEs		83,635	60.5
SPECIAL PURPOSE REVENUE FUNDS: FY 2010 Approved Budget and FTE		10,603	18.0
Eliminate: Adjust from FY 2010 one-time enhancement for Rental Housing Commission	Rental Housing	-500	0.0
Reduce: Decrease revenue forecast for Unified Fund	Multiple Programs	-2,557	0.0
Enhance: Increase Condo Conversion Application, Registration, and Certification fees to support HRA contractual services	Housing Regulation Administration	66	0.0
Shift: Absorb administrative cost in accordance with current year cost allocation plan	Multiple Programs	765	4.8
Eliminate: Decrease 0.45 FTE in Agency Management	Agency Management Program	-40	-0.4
Eliminate: Eliminate non-essential vacancy of 0.45 FTE	Agency Financial Operations	-46	-0.4
Shift: Shift 3.0 FTE from Local Funds	Housing Regulation Administration	271	3.0
Transfer Out: Shift 3.0 FTE in PADD division to capital budget	Property Acquisition and Disposition Division	-234	-3.0
Cost Increase: Align IT service budget with revised OCTO assessment	Multiple Programs	13	0.0
Cost Decrease: Align fleet assessment with DPW estimates	Agency Management Program	-2	0.0
Cost Increase: Adjust fringe benefits based on historical growth rate	Multiple Programs	83	0.0
Reduce: Hold step increases constant	Multiple Programs	-7	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Proposed Budget and FTE		8,414	21.9
INTRA-DISTRICT FUNDS: FY 2010 Approved Budget and FTE		7,007	0.0
Eliminate: Eliminate one-time intra-District funds for HPAP in FY 2010	Residential and Community Service Division	-6,507	0.0
Transfer In: Transfer in funding for project and staff costs from HPTF in accordance with current year cost allocation plan, and correct FTE count to accurately reflect personnel allocations to HPTF activities	Multiple Programs	27,277	30.0
Eliminate: Decrease 0.3 FTE in Agency Management	Agency Management Program	-27	-0.3
Eliminate: Eliminate vacancy of 0.3 FTE	Agency Financial Operations	-31	-0.3
Cost Increase: Align IT service budget with revised OCTO assessment	Multiple Programs	13	0.0
Cost Increase: Align fleet assessment with DPW estimates	Agency Management Program	4	0.0
Cost Increase: Adjust fringe benefits based on historical growth rate	Multiple Programs	352	0.0
Reduce: Hold step increases constant	Multiple Programs	-59	0.0
INTRA-DISTRICT FUNDS: FY 2011 Proposed Budget and FTE		28,030	29.4
Gross for DB0 - Department of Housing and Community Development		132,143	140.1

Agency Performance Plan

The agency has the following objectives and performance indicators for its Divisions:

1. Office of the Director

Objective 1: Preserve and increase the supply of quality affordable housing.

Objective 2: Revitalize neighborhoods, promote community development, and provide economic opportunities.

2. Housing Regulation Administration

Objective 1: Preserve and increase the supply of quality affordable housing.

Housing Regulation Administration

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Number of customers who utilize Housing Resource Center services	-	-	New Measure	600	650	700
Percentage of orders issued on voluntary agreement petitions within 45 days	-	-	New Measure	90%	95%	95%
Percentage of orders issued on hardship petitions within stated division timelines	-	-	New Measure	80%	85%	90%
Percentage of condo registration applications processed within 60 days	-	-	New Measure	95%	98%	98%
Percentage of structural defect warranty claim notices of funding processed within 60 days	-	-	New Measure	95%	98%	98%
Percentage of complete housing assistance payment requests processed within 30 days	-	-	New Measure	95%	100%	100%
Number of inclusionary zoning units built			New-Measure	Baseline	TBD	TBD
Percentage of lotteries conducted for inclusionary units within administrative deadlines	-	-	Measure	95%	98%	98%

3. Rental Housing Commission

Objective 1: Preserve and increase the supply of quality affordable housing.

Rental Housing Commission

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Number of appeals disposed	35	30	31	33	34	35
Number of appeals cases > 3 years old	12	-	18	18	14	10
Percentage of cases processed under 6 weeks (from date of commencement)	55%	-	-	55%	65%	70%
Average amount of time from receipt of case to assignment	12 mo	-	12 mo	10 mo	10 mo	8 mo
Percentage of hearings scheduled within 30 day requirement	100%	-	100%	100%	100%	100%

4. Development Finance Division

Objective 1: Preserve and increase the supply of quality affordable housing.

Objective 2: Increase homeownership opportunities.

Objective 3: Revitalize neighborhoods, promote community development, and provide economic opportunities.

Development Finance Division

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Percentage of District owners spending >30 percent of income on monthly housing costs	37.5%	-	37.5%	30%	25%	25%
Percentage of District renters spending >30 percent of income on housing costs	47.4%	-	47.4%	45%	40%	30%
Total affordable housing units funded (new and rehab)	-	-	719	900	900	900
Total special needs housing units funded (elderly, disabled, and homeless units)	373	-	191	150	150	150
Total new homeownership units funded	-	-	62	80	80	80
Total First Right Purchase Assistance Program (tenant purchase) units funded – FRP New and Rehab Units	293	150	59	100	100	100
Total affordable housing units rehabilitated	-	-	238	250	200	200
Total affordable housing units preserved (via loan structuring, technical assistance, etc.)	-	-	New Measure	200	200	200
Percentage of affordable housing developments competitively evaluated and advancing to underwriting in the respective Fiscal Year, that are highly sustainable and meet the Green Communities criteria	-	90%	75%	95%	100%	100%

5. Residential and Community Services Division

Objective 1: Preserve and increase the supply of quality affordable housing.

Objective 2: Increase homeownership opportunities.

Objective 3: Revitalize neighborhoods, promote community development, and provide economic opportunities.

Residential and Community Services Division

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Total affordable housing units funded	779	800	549	425	550	700
Total Single Family Rehabilitation units funded	142	100	42	65	75	80
Total Lead Multi-family units funded	129	200	273	60	65	70
Total Residential Rehabilitation Elderly, Disabled, and Homeless units (special needs) funded	-	-	16	10	15	20
Total Home Purchase Assistance Program (HPAP) Elderly, Disabled, and Homeless units (special needs) funded	9	-	4	5	10	20
Number of first-time homebuyers funded by HPAP	508	500	320	300	500	650
Number of District employee homebuyers funded by EHAP	89	-	58	80	90	100
Number of District employee homebuyers funded by NEAHP	-	-	New Measure	100	150	150
Number of loans or grants by the Residential Rehabilitation Program for Single Family Rehabilitation units	142	100	42	65	75	80
Number of loans or grants by the Residential Rehabilitation Program for Lead Multi-family units	129	50	146	20	30	40
Number of Elevated Blood Level cases in the District	-	-	44	30	20	10
Number of storefront facades improved	45	90	32	50	40	90
Average cost per facade unit funded	-	25,000	22,306	25,000	25,000	25,000

6. Property Acquisition and Disposition Division

Objective 1: Revitalize neighborhoods, promote community development, and provide economic opportunities.

Property Acquisition and Disposition Division

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Number of properties acquired	-	-	11	20	25	30
Number of properties acquired in each targeted neighborhood (Ivy City/Trinidad, Historic Anacostia, and Washington Highlands)	-	-	4	10	15	20
Number of properties recaptured from developers or transferees	-	-	2	8	10	12
Number of properties for which disposition agreements were executed	-	-	49	50	55	60
Number of housing units created or rehabbed through reclamation of abandoned properties	-	-	43	45	55	70
Number of affordable housing units created or rehabbed through reclamation of abandoned properties	-	-	32	35	45	60
Average Number of years of affordability for units created or rehabbed through reclamation of abandoned properties	-	-	10	10	15	20
Number of properties investigated that result in rehabilitation by the owner	-	-	10	10	15	15
Average cost per property of acquisitions	-	-	\$190,000	\$190,000	\$190,000	\$190,000

7. Program Monitoring Division

Objective 1: Preserve and increase the supply of quality affordable housing.

Program Monitoring Division

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Number of grant projects reviewed	64	58	61	60	62	65
Percentage of environmental reviews conducted within 45 days	92%	90%	95%	95%	98%	98%
Percentage of Fair Housing reviews completed within stated division timelines	-	90%	92%	95%	98%	98%
Number of eligible Community Housing Development Organizations recertified	16	15	15	12	12	12
Number of physical inspections and file reviews conducted for HOME and LIHTC properties	-	986	881	1,000	1,050	1,175

8. Portfolio and Asset Management Division

Objective 1: Preserve and increase the supply of quality affordable housing.

Portfolio and Asset Management Division

Measure	FY 2008	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012
	Actual	Target	Actual	Projection	Projection	Projection
Number of loans in portfolio	6752	6952	6413	6715	7015	7415
Percentage of all required financial reviews completed by staff within determined timeline	-	-	New Measure	39%	50%	72%
Percentage of loans in good standing (e.g. current loans and payoffs, and 30 days or less delinquent)	80%	-	83%	87%	92%	97%
Percentage increase in number of loans in good standing from date baseline was established	9.79%	-	3.57%	4.17%	4.37%	4.59%
Percentage of loans more than 30 days delinquent	-	-	2.00%	1.91%	1.81%	1.72%
Percentage of loans in default	20%	24%	17%	12%	8%	3%
Number of loans moved from delinquent to correct status	20	40	60	45	60	70
Percentage of financial reports collected from existing borrowers	-	-	New Measure	2%	3%	4%
Percentage of loans with a risk rating of 4 or above	-	-	20%	18%	15%	15%

