



501 3rd Street, NW · 8th Floor
Washington, DC 20001
T 202.467.4900 · F 202.467.4949
www.childrenslawcenter.org

Testimony Before the District of Columbia Council
Committee on Public Works and Operations
June 9, 2025

Public Hearing:
Budget Oversight Hearing
Department of Licensing and Consumer Protection

Makenna Osborn
Policy Attorney
Children's Law Center

Introduction

Good morning, Chairperson Nadeau, and members of the Committee. My name is Makenna Osborn. I am a Policy Attorney at Children's Law Center and a resident of the District. Children's Law Center believes every child should grow up with a strong foundation of family, health and education and live in a world free from poverty, trauma, racism and other forms of oppression. Our more than 100 staff – together with DC children and families, community partners and pro bono attorneys – use the law to solve children's urgent problems today and improve the systems that will affect their lives tomorrow. Since our founding in 1996, we have reached more than 50,000 children and families directly and multiplied our impact by advocating for city-wide solutions that benefit hundreds of thousands more.

Thank you for the opportunity to testify regarding the Mayor's proposed Fiscal Year 2026 (FY26) budget for the Department of Licensing and Consumer Protection (DLCP). The conditions in a child's home can profoundly impact their physical and mental well-being.¹ Each year Children's Law Center works with hundreds of families who are living in rental properties with conditions like pests, leaks, and mold that harm children's health and violate District law.² When a family's landlord fails to fix these problems in a timely manner, Children's Law Center's attorneys help them take legal action to enforce the District's housing standards.³ An important part of this work is being

able to identify who a family's landlord is and how they can be reached for proper service.⁴

When a rental property's registered owner is a corporate entity — as is the case for most of our clients— we should be able to retrieve that information from DLCP.⁵ However, the information available from DLCP is often inaccurate, outdated, or otherwise not compliant with DC's corporate transparency requirements, causing harmful delays in our client's cases and hindering the District government's ability to track repeat bad actors operating behind single purpose corporations.⁶ We appreciate that this Committee taken action to address this issue in recent years through focused oversight and investments in DLCP's capacity to increase compliance with the District's corporate transparency requirements. My testimony will highlight the importance of 1) protecting the new full-time equivalent positions (FTEs) this Committee funded in the FY24 and FY25 budgets and 2) ensuring that DLCP has the resources it needs to complete the modernization of its corporate registration system in FY26 so it can maintain complete and accurate corporate records and empower strategic enforcement to hold unscrupulous landlords accountable.

The Committee Should Protect Its Previous Investments in DLCP's Capacity to Monitor and Enforce Compliance with Corporate Transparency Requirements

As this Committee has acknowledged, to best protect the health and safety of District tenants, DLCP needs to ensure that a corporation has provided complete and accurate information *before* a tenant is attempting to bring a legal action against their

landlord.⁷ DLCP should be systematically checking the content of information supplied by corporations at the time of filing and proactively auditing its records for willful or ignorant noncompliance rather than relying primarily on complaint-based enforcement. To that end, the Committee funded five new FTEs in DLCP's FY24 budget —three in Corporation Services and two in Enforcement — to increase the agency's capacity to “ensure full compliance” with the District's corporate transparency requirements.⁸ Based on communications with DLCP, the Committee believed these new positions would enable the agency to proactively “review more of the documentation received by the agency—rather than random spot-checks—and have the enforcement resources to back it up.”⁹ DLCP agreed that “these additional FTEs [would] greatly assist the agency in enforcing the District's laws and regulations, including adherence to the beneficial owner disclosure requirements.”¹⁰ When one of these FTEs was cut in the Mayor's proposed FY25 budget due to vacancy sweeps, the Committee restored funding for the position in the Corporation Services team.¹¹

Children's Law Center greatly appreciates the Committee's investments in these additional FTEs over the past two years, and we were pleased to learn that as of January 2025, DLCP had extended an offer to fill the vacant position that the Committee restored in the FY25 budget.¹² We urge the Committee to ensure that the Mayor's proposed cuts of \$475,000 from the Corporation Services' line item in the Licensing Services division

and \$32,000 from the Enforcement division do not materially impact these FTEs or their ability to conduct their envisioned responsibilities.¹³

The Committee Should Ensure DLCP Has the Resources it Needs to Complete the Modernization of Its Corporate Registration System by January 2026

DLCP has consistently reported that its “old and fragile” corporate registration system (CorpOnline) limits its capacity ability implement changes aimed at proactively increasing substantive compliance with corporate transparency requirements.¹⁴ Therefore, in its report on the FY24 budget, this Committee made a policy recommendation that DLCP modernize the technology used to collect corporate filings and supporting documentation “to make it easier to monitor compliance with [DC’s corporate transparency laws].”¹⁵ During last year’s Performance Oversight and FY25 Budget hearings, Director Crowe told the Committee that DLCP was moving forward with plans to “revamp” its corporate registration system and had secured a vendor for the project.¹⁶ In January 2025, DLCP reported that the Corporations Division was “making good progress” on the project and that completion of the update is anticipated by January 2026.¹⁷

Recently, Children’s Law Center received a detailed update on the project from DLCP’s Corporations Division, including a walkthrough of the prototype for the new system. We were encouraged to see that the prototype includes several features we have recommended in the past, including:

- improved data validation at the point of entry —to catch errors on the front end and ensure addresses provided in corporate filings are accurate and complete; and
- advanced search functions, including the ability to search by beneficial owner across all corporate filings.

We believe these changes will increase voluntary compliance at the time of filing. More accurate data collection on the front end will help ensure that something like an incomplete address does not delay a tenant’s ability to initiate a legal case when their landlord is not upholding their obligations. Additionally, the improved search functions will empower DLCP, sister agencies, and interested stakeholders to identify the full scope of a bad actor’s operations in DC and hold them accountable for harms to District residents. For example, with the ability to search by beneficial owners, if the Department of Buildings encounters a rental property with particularly horrible conditions, they could work with DLCP to identify its beneficial owners —the actual people who own the property— as well as all the other corporations and rental properties they are associated with, and target enforcement actions accordingly. This is precisely the kind of strategic enforcement that is needed to more effectively protect District tenants from the most unscrupulous landlords.¹⁸

Given the work remaining to complete the critical update of DLCP’s corporate registration system, Children’s Law Center was concerned to see that the Mayor’s proposed budget cuts over \$2 million from DLCP’s Information Technology Services.¹⁹ Children’s Law Center urges the Committee to ask DLCP for a detailed update on the

project and whether the significant cuts to agency's IT resources in FY26 will impact its ability to complete the upgrades on schedule and with all of DLCP's desired features, especially those highlighted earlier. The Committee should restore any funds necessary to complete this goal, so the District continues to make progress on this important issue.

Conclusion

Thank you for the opportunity to testify. Children's Law Center looks forward to continuing to partner with the Committee and DLCP to ensure that DC landlords cannot use single-purpose corporations to delay or evade accountability for harm to tenants.

¹ Living in housing with substandard conditions is a consistent and strong predictor of emotional and behavioral problems in children and exposure to certain conditions, especially mold and pests, is closely associated with increased asthma prevalence and severity in children. See Levine Coley et. al., *Poor Quality Housing Is Tied to Children's Emotional and Behavioral Problems*, MacArthur Foundation: How Housing Matter (September 2013), <https://housingmatters.urban.org/sites/default/files/wp-content/uploads/2014/09/How-Housing-Matters-Policy-Research-Brief-Poor-Quality-Housing-Is-Tied-to-Childrens-Emotional-and-Behavioral-Problems.pdf>; Ganesh et. al., *The Relationship between Housing and Asthma Among School-Age Children*, Urban Institute (October 2017), https://www.urban.org/sites/default/files/publication/93881/the-relationshi-between-housing-and-asthma_2.pdf.

² See *District of Columbia Tenant Bill of Rights*, DC Office of the Tenant Advocate (2015), <https://ota.dc.gov/sites/default/files/dc/sites/ota/publication/attachments/2015%2007%2003%20OTA%20DC%20Tenant%20Bill%20of%20Rights%20ODAI-OTA%20FINAL.pdf>; 14 D.C.M.R. §§ 301, 400-999 (DC Housing Code).

³ Our attorneys represent clients in the Housing Conditions Court, a court of limited jurisdiction within the DC Superior Court's Civil Division where tenants may sue landlords for housing code violations on an expedited basis and seek the relief of an order requiring the landlord to make necessary repairs to the tenant's rental unit. See *Housing Conditions Calendar*, <https://www.dccourts.gov/services/civil-matters/housing-conditions-calendar>

⁴ "Service is the formal delivery of litigation documents to give the opposing litigant notice of the suit against them. . . . Proper service is a requirement before an individual can be brought to court." *Service*, Legal Information Institute (LII): Wex, Cornell Law School (April 2021), <https://www.law.cornell.edu/wex/service>.

⁵ D.C. Code §§ 29-104.01 – 29-104.14, Registered Agent (corporations must maintain a registered agent and provide DLCP with their name and an address where they can receive legal correspondence on the corporation's behalf); D.C. Code § 29-102.01(a)(6), Entity Filing Requirements. D.C. Code § 29-

102.11(a)(6), Biennial Report for Mayor (corporations must disclose to DLCP the names and residences of each of their beneficial owners).

⁶ See Makenna Osborn, Children's Law Center, Testimony Before the District of Columbia Committee on Public Works and Operations, p. 4-6 (January 23, 2025), available at: <https://lims.dccouncil.gov/Hearings/hearings/644>.

⁷ See, e.g., Council of the District of Columbia, Committee on Public Works and Operations, Committee Report on the Fiscal Year 2024 Budget and Financial Plan for Agencies Under its Purview, p. 179-180 (April 26, 2023), https://lims.dccouncil.gov/downloads/LIMS/52615/Committee_Report/B25-0203-Committee_Report6.pdf?Id=162494 (the Committee funded new FTEs specifically for DLCP to proactively "review more of the documentation received by the agency") [Hereinafter Committee Report on the Fiscal Year 2024 Budget].

⁸ *Id.* at 178.

⁹ *Id.* at 179-180.

¹⁰ Department of Licensing and Consumer Protection FY2023-2024 Performance Oversight Responses, response to Q59(b), p. 30, available at: <https://lims.dccouncil.gov/Hearings/hearings/275>.

¹¹ Council of the District of Columbia, Committee on Public Works and Operations, Committee Report on the Fiscal Year 2025 Budget and Financial Plan for Agencies Under its Purview, p. 115 (May 9, 2024), https://lims.dccouncil.gov/downloads/LIMS/55149/Committee_Report/B25-0785-Committee_Report2.pdf?Id=191228 [Hereinafter Committee Report on the Fiscal Year 2025 Budget].

¹² Department of Licensing and Consumer Protection 2025 Performance Oversight Responses, response to Q53, p. 17, available at: <https://lims.dccouncil.gov/Hearings/hearings/644>.

¹³ Mayor's Proposed Fiscal Year 2026 Budget and Financial Plan, Volume 4, Agency Budget Chapters - Part III, Operations and Infrastructure, Table CR0-4, available at: https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/cr0_dlcp_chapter_2026m.pdf (line items R01502 (Corporation Services) and R01301 (Civil Infractions Enforcement)). While neither of these line items show a corresponding decrease in FTEs, it is Children's Law Center's experience that sometimes the interaction between division cuts and FTEs is not fully reflected in proposed budget tables.

¹⁴ Committee Report on the Fiscal Year 2025 Budget, *supra* note 11, at 115.

¹⁵ Committee Report on the Fiscal Year 2024 Budget, *supra* note 7, at 182.

¹⁶ See Committee Report on the Fiscal Year 2025 Budget, *supra* note 11, at 115.

¹⁷ Department of Licensing and Consumer Protection 2025 Performance Oversight Responses, response to Q54, p. 17-18, available at: <https://lims.dccouncil.gov/Hearings/hearings/644>.

¹⁸ Forrest Hangen and Daneil T. O'Brien, *Linking Landlords to Uncover Ownership Obscurity*, Housing Studies, p. 20 (March 20, 2024), available at: <https://doi.org/10.1080/02673037.2024.2325508>.

¹⁹ Mayor's Proposed Fiscal Year 2026 Budget and Financial Plan, Volume 4, Agency Budget Chapters - Part III, Operations and Infrastructure, Table CR0-4, available at: https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/cr0_dlcp_chapter_2026m.pdf (line item AMP012 (Information Technology Services)).