

The Committee of 100

on the Federal City



October 25, 2021

Chairperson Anita Bonds
Committee on Housing and Executive Administration
Council of the District of Columbia
Suite 404 John A. Wilson Building
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

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Dear Chairperson Bonds,

On September 30, 2021, the District of Columbia Office of the Inspector General issued a scathing audit of the Department of Housing and Community Development's management of the Housing Production Trust Fund. See *DHCD Did Not Effectively and Efficiently Use the Housing Production Trust Fund to Produce Affordable Housing Units for Extremely Low-Income Households*. OIG Project No. 20-1-23DB.

The OIG audit found numerous instances of DHCD mismanagement of the HPTF: failure to follow proper procedures for selecting among housing proposals; failure to ensure the accuracy of project financial projections; failure to conduct project compliance reviews; failure to assure required rent limits or tenant income eligibility; failure to keep accurate records of HPTF loans or to assure collection of past-due loans; and, most concerning, failure to meet the statutory requirement for disbursing at least 50% of HPTF funds during a fiscal year on affordable housing for "extremely low-income households" (i.e.; households with income equal to 30% or less of area median income). The OIG audit found that in FY 2021 only 27% was allocated for "extremely low-income households". In 2020 it was only 8% and in 2019, only 13%.

This isn't the first time that DHCD has been heavily criticized for its administration of the HPTF program. In 2017, the Office of the District of Columbia Auditor issued a report that was similarly critical. See *DHCD Should Improve Management of the Housing Production Trust Fund to Better Meet Affordable Housing Goals*. March 17, 2017. ODCA's 2017 audit found significant management and compliance weaknesses - many of them identical to those identified anew by OIG in September, including failure to meet the statutory funding goal for extremely low-income households. The ODCA findings were sufficiently alarming to prompt your Committee on Housing and Neighborhood Revitalization to request that DHCD 1) take steps to ensure that future HPTF allocations meet the statutory requirements for various income groups including extremely low-income households; 2) carefully monitor HPTF administrative expenses; and 3) implement the 39 recommendations regarding HPTF administration, management, monitoring, and compliance included in the DC Auditor's report. See *Committee on Housing and*

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That was nearly three years ago yet, according to the September OIG audit, the problems persist. This is inexcusable.

The HPTF is the District of Columbia's most important tool for producing and preserving much needed affordable housing. Over \$1 billion has been invested into it since its inception and most recently for FY 2022 the Council invested a record \$400 million into it. DC residents deserve to know that the dollars invested are being well-spent. More importantly, DC's neediest residents who face the most severe housing shortage deserve to know that they are DHCD's highest priority.

It is past time for your committee to act assertively to correct the long-standing and on-going problems identified by the OIG and ODCA. At a minimum, your committee should:

1. Conduct a hearing with OIG, ODCA and other stakeholders to air the issues and identify measures needed to correct them.
2. Demand and obtain a commitment from interim and any newly appointed DHCD leadership that the problems and program weaknesses undermining the effectiveness of the HPTF program will be corrected immediately.
3. Pass legislation aimed at compelling DHCD to correct program weaknesses. Consider a temporary pause in further appropriations until program weaknesses have been corrected.

The OIG said it best when they concluded their audit by stating: "Without addressing the internal control weaknesses identified, DHCD can not ensure HPTF statutory objectives are met and yield intended benefits for the District." Neither can the Council nor anyone else.

Sincerely,



Kirby Vining, Chair
Committee of 100 on the Federal City

cc. Chairman Phil Mendelson
Councilmember Robert White
Councilmember Elissa Silverman
Councilmember Trayon White
Councilmember Christina Henderson
Councilmember Kenyan McDuffie
Councilmember Brianne Nadeau
Councilmember Charles Allen
Councilmember Vincent Gray
Councilmember Mary Cheh
Councilmember Janeese Lewis George
Councilmember Brooke Pinto