



May 6, 2022

The Hon. Phil Mendelson, Chairman
Councilmembers
Council of the District of Columbia
The John A. Wilson Building
1350 Pennsylvania Avenue NW
Washington D.C. 20004

Dear Chairman Mendelson and Councilmembers:

I write concerning the FY 2023 budget before the Council which includes what Mayor Bowser cites as an “unprecedented” and “historic” investment of \$500 million in the Housing Production Trust Fund. The Council Committee on Housing and Executive Administration has endorsed this historic funding level and proposed a provision in the FY2023 Budget Support Act of 2022 to bring greater transparency to “all funding decisions” that “are essential to preserving public confidence that funding decisions are made in accordance with all applicable laws, regulation, and funding requirements.”

As you know, the Office of the D.C. Auditor has conducted extensive review of the Housing Production Trust Fund (HPTF). In the 2019 report [Low-Ranked Projects Secure Affordable Housing Funds](#) we recommended the following:

The D.C. Council enact legislation to increase the transparency of the affordable housing Request for Proposals (RFP) selection process by modifying D.C. Code to include requirements that address when and how the DHCD Director can exercise discretion in the RFP process, and require public release of the final selection criteria, evaluators’ rating sheets, DHCD’s Development Finance Division (DFD) staff’s recommendations to the Director, final and signed Decision Memorandum, and the Director’s written justification for awarding projects that were not recommended by DFD.12

In our January 2022 [report](#) on recommendation compliance we noted that 12 Councilmembers had introduced legislation, Bill 24-459, reflecting our recommendation for greater transparency in the HPTF contracting process. The issue of transparency was discussed during a committee roundtable on November 9, 2021. Similar legislation, Bill 23-123, was introduced in the previous Council period and was the subject of public hearings on June 17, 2019, and July 10, 2019, creating a public record on the Council’s consideration of HPTF program transparency.

Given this record and the significant increase in HPTF funding now under consideration, ODCA recommends that the Council adopt our earlier recommendation by including language in the Budget Support Act to provide greater transparency to the Housing Production Trust Fund decision-making

process. Please ensure that all the information covered in the ODCA recommendation is included in the reports required to be provided to the Council and the public, including evaluator rating sheets, the DFD's recommendations to the Director, the final and signed decision memoranda and the Director's written justification for any awards that were not recommended by the DFD. It should include a list of all projects that met the eligibility requirements and identify those that were selected. This range of materials will ensure that awards are fully explained and provide transparency on meritorious proposals that are not funded.

The transparency report requirements will not alter the operations of this high-priority affordable housing program. But it will bring sunshine to the process as the Department of Housing and Community Development makes decisions on what will likely be a record number of housing projects. Requiring more transparency on the expenditure of a significant increase in funding is appropriate as an addition to the Budget Support Act by supporting decisions reflected in the Local Budget Act.

Thank you very much for giving me the opportunity to meet with Councilmembers during the annual retreat held virtually on April 22, 2022. I was pleased to be able to share actions my staff and I might take to provide greater assistance to the Council in the important work of oversight and legislation. It is in that spirit of collaboration that I share this background on a Housing Production Trust Fund audit recommendation for your consideration as you appear poised to provide significant additional funding for the Housing Production Trust Fund.

Thank you for your consideration and I would be happy to provide any additional information on ODCA's HPTF work.

Sincerely yours,



Kathleen Patterson
District of Columbia Auditor

cc: Officers of the Council