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Red Flags in Selection of Housing Production Trust Fund Projects

Auditor's concerns on transparency and internal controls stem from Fall 2017 procurement process that resulted in awards totaling \$78M

WASHINGTON, May 30, 2019— Five out of nine proposals awarded Housing Production Trust Fund money last year were ranked by District staff evaluators in the bottom half of applications and their selection meant a loss of 353 affordable housing units and 95 units designed for the poorest District households, according to a new report by the Office of the D.C. Auditor (ODCA).

The report said the procurement decisions last year raise red flags about the procedures followed at the Department of Housing and Community Development (DHCD), show a lack of “commitment to program integrity” and a need for “greater controls and transparency.” D.C. Auditor Kathy Patterson recommended Council action to require written justification when the agency director overrides recommendations made by staff evaluators following their lengthy and deliberative scoring process.

The report’s findings came initially from confidential documents provided to ODCA, but the evaluation information was corroborated by ODCA as genuine DHCD products. Efforts to get the documents directly from DHCD were rebuffed in a series of letters that led to issuance of a subpoena by the Auditor. The final letter in a series, included as an appendix to the report, informed DHCD that the Auditor would not seek to enforce the subpoena because the information had been corroborated by other means.

“We are aware that the Council is considering legislation to require greater transparency in the decisions made by DHCD in awarding Housing Production Trust Fund projects and believe the pending legislation must be strengthened to provide greater assurance that our affordable housing goals can be achieved,” Patterson said.

The five higher-ranked projects with more total units and more units for poorer households that were not chosen last year did receive HPTF awards in March of this year.

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