

## It's Time to Make the Housing Production Trust Fund More Transparent

By Doni Crawford

The Office of the District of Columbia Auditor's (ODCA) [latest report](#) on the Housing Production Trust Fund (HPTF) revealed that discretion by the Department of Housing and Community Development (DHCD) Director led to the selection of lower-ranked projects. Given that the Housing Production Trust Fund is our primary tool to finance the production and preservation of affordable housing for low- and moderate-income residents, we believe that Director discretion should be limited and that public transparency should be required for the entire HPTF project selection process.

Key findings from the audit on the impact of Director discretion for awards made in July 2018 include:

- Five of the nine highest scoring projects recommended by DHCD's Development Finance Division (DFD) for funding were replaced with projects outside of the top ten, including the two lowest-ranking projects.
- The selected projects had 353 fewer affordable housing units than the recommended projects; this includes a loss of 95 units intended for DC families with the lowest-incomes – an area where DHCD [continues to struggle](#).
- The loss of 83 Permanent Supportive Housing (PSH) units for individuals and families that were formerly homeless and facing difficulty remaining housed, despite special PSH emphasis by DHCD in the [Fall 2017](#) Request for Proposals (RFP).



The selected projects also were less geographically diverse than staff recommendations. The DHCD Director added three projects in Ward 7 and removed all projects from Ward 5 and one project from Ward 4. Two-thirds of the selected projects are in two predominately Black wards, which have the [highest unemployment rates](#) and where residents face numerous barriers to accessing the city's prosperity. This is significant, as the dangers of concentrating poverty and limiting opportunity are [well documented](#) and as Mayor Bowser has recently [ramped up calls](#) for the equitable distribution of affordable housing. [Less than 1 percent](#) of new affordable housing has been built west of Rock Creek Park, where access to high-performing schools, recreational spaces and access to healthy foods is abundant and beneficial to long-term success.

Given the scale of impact, there should be a limit on the use of DHCD Director discretion to diverge from DFD recommendations, with public justification required. The audit [recommendations](#) would achieve that, calling for rules for when and how Director discretion can be used in the RFP process and requiring public

disclosure of final section criteria, scores, DFD recommendations, a signed final Decision Memorandum, and written justification by the Director for the selection of projects that differ from DFD recommendations. By infusing public transparency throughout the RFP selection process, we will be able to ensure that final project selections maximize affordable housing units.

The Housing Production Trust Fund has proven to be an effective tool, producing [over 10,000 units](#) of affordable housing since 2001. However, given rising construction costs and other factors, the HPTF is producing one-third fewer units today than in 2015. While the fiscal year (FY) 2020 budget [reflects](#) a modest increase in the HPTF, to \$116 million, funding at [\\$200 million](#) is needed this year to put DC on a path to meeting the most serious affordable housing challenges for DC's 27,000 extremely low-income households, primarily headed by a person of color, over the next decade.

DCFPI will testify about this issue on June 17 at the DC Council's Committee on Housing and Neighborhood Revitalization public hearing on the HPTF Transparency Amendment Act of 2019. This act would require the public release of data, including the underwriting and prioritization scores of each grant or loan applicant for HPTF funding. [You can sign up to testify here.](#)