



GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT



December 9, 2022

Daniel W. Lucas
Inspector General
Office of the Inspector General
717 14th Street NW, First Floor
Washington, DC 20005

Re: OIG Letter regarding DHCD's Loan Servicing Contracts

Dear Inspector General Lucas:

Thank you for your November 7, 2022 letter constituting the close-out report for the evaluation of the Department of Housing and Community Development's (DHCD) contracts pertaining to loan servicing. As the implementing agency of the District's most impactful affordable housing finance loan tools, DHCD, through the Office of Contracting and Procurement (OCP), contracts with Tax Credit Asset Management (TCAM) to service loans that have been made by the agency to produce, preserve, and rehabilitate affordable housing and assist District residents pursuing homeownership opportunities. We appreciate the Office of the Inspector General's (OIG) recommendations with respect to DHCD's contract with TCAM. Enclosed, please find our responses to the four recommendations. Should you have any questions or require further information, please do not hesitate to reach out to me at drew.hubbard@dc.gov or (202) 442-7242.

Sincerely,

Drew Hubbard

Drew Hubbard

Interim Director

DHCD Responses to OIG's Recommendations

1. *Convene a working group to update internal DHCD written guidance on key components of loan servicing policy, to include credit reporting, loan forgiveness, and foreclosure.*

Agree. The agency concurs with this recommendation and will convene subject matter experts for updated internal written guidance on loan servicing policy.

2. *Work with TCAM to determine how to implement the updated guidance in accordance with the terms, requirements, and pricing of the existing contracts.*

Agree. The agency concurs with this recommendation and will engage the current loan servicer to implement the updated guidance upon the finalization of the agency working group's recommendations.

3. *Transmit to OCP, within the next 90 days, a redlined version of the DHCD's current contract with TCAM specifying all terms, requirements, and deliverables that are outdated or do not satisfy DHCD's current and/or anticipated loan servicing needs.*

Agree, but with alternative implementation. The agency will engage with OCP within 90 days to attempt to execute a modification of the current contract. If a modification is not possible, the agency will work with OCP to determine the most efficient and expedient manner to address the current gaps in its loan servicing needs. Additionally, should no solutions be available sooner, the agency will incorporate a revision exercise in the course of drafting a new solicitation for the agency's next loan servicing contract. A new solicitation is required as Fiscal Year 2024 is the final option year of the current contract. This revision exercise will clearly identify outdated terms, requirements, and deliverables in the current contract and will be undertaken with OCP to reinforce the agency's current and anticipated loan servicing needs. This revision exercise will not occur within 90 days but during the planning period for the new solicitation, which will begin within 180 days.

4. *Collaborate with OCP, within the next 180 days to establish a comprehensive plan of action with corresponding milestone dates and assigned responsibilities to help ensure that adequate time with subject matter experts are allocated to developing the scope of work and solicitation for DHCD's next loan servicing contract.*

Agree. The agency concurs with this recommendation and will begin coordination with OCP within 180 days to adequately plan for a new solicitation that will meet the current and anticipated loan servicing needs of the agency. Research regarding appropriate benchmarks, best practices, and subject matter experts will be part of the pre-solicitation process.