

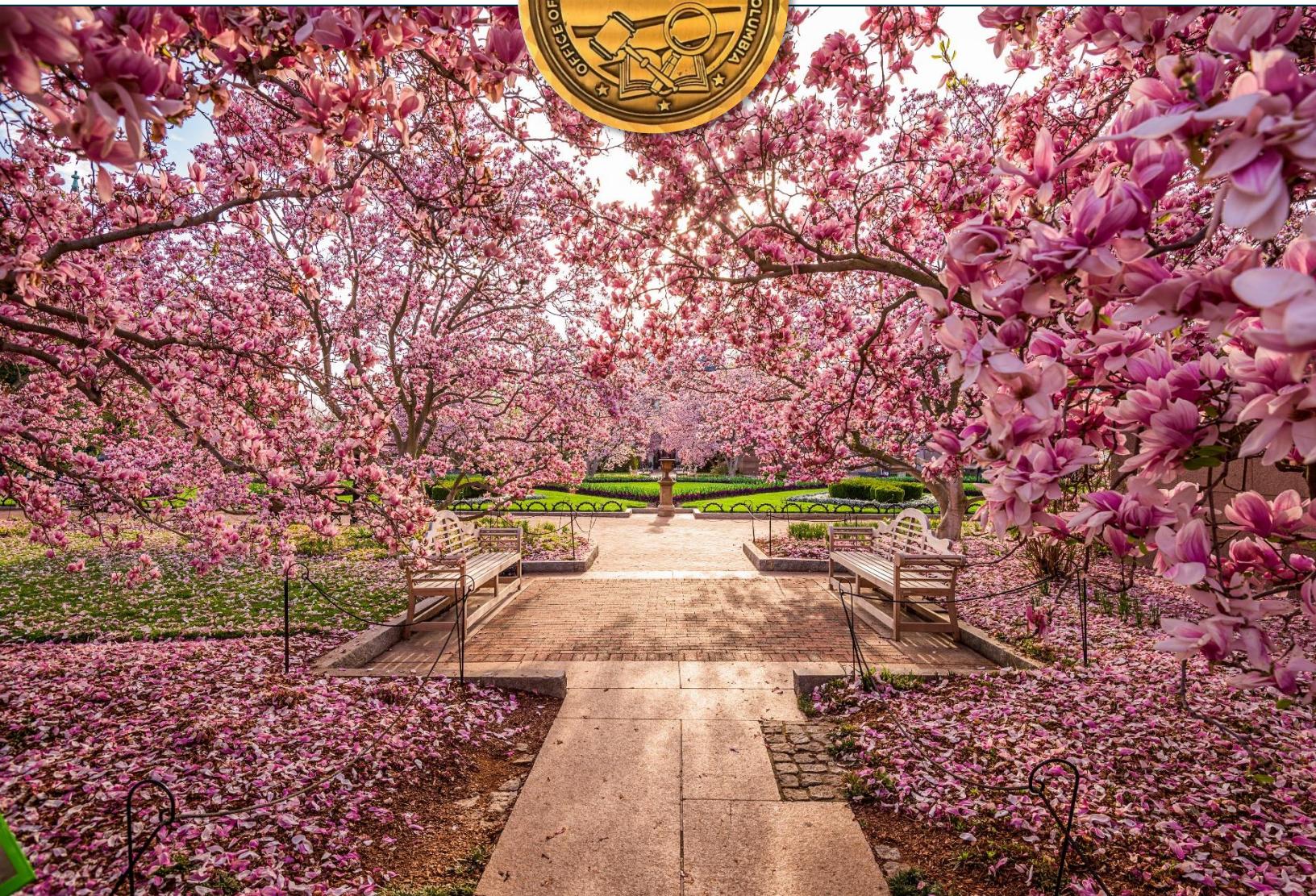
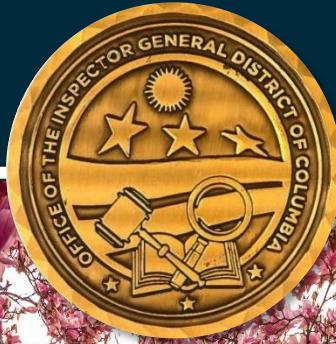
# AUDIT REPORT

Housing Production Trust Fund

Annual Financial Statements and Independent Auditor's Reports  
Fiscal Year 2025

OIG No. 25-1-05UZ

January 30, 2026



**DANIEL W. LUCAS**  
INSPECTOR GENERAL

## OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.



## OUR VISION

We strive to be a world-class Office of the Inspector General that is customer focused and sets the standard for oversight excellence!

## OUR VALUES

**Accountability:** We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

**Continuous Improvement:** We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

**Excellence:** Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

**Integrity:** Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

**Professionalism:** As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.

**Transparency:** Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.

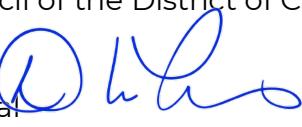


DISTRICT OF COLUMBIA | OFFICE OF THE INSPECTOR GENERAL

## MEMORANDUM

To: The Honorable Muriel Bowser  
Mayor of the District of Columbia

The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

From: Daniel W. Lucas   
Inspector General

Date: January 30, 2026

Subject: **Housing Production Trust Fund Annual Financial Statements**  
**OIG No. 25-1-05UZ**

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This memorandum transmits the final *Housing Production Trust Fund Independent Auditor's Reports on the Annual Comprehensive Financial Report* for fiscal year 2025. CliftonLarsonAllen LLP (CLA) provided these reports to the Office of the Inspector General as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2025.

On January 5, 2026, CLA issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States. CLA issued a management letter noting an internal control deficiency (though not a material weakness or significant deficiency) and recommended four actions to strengthen controls and improve operational efficiency (see OIG Report No. 25-1-05UZ(a)).

Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at (202) 792-5684.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**(A Special Revenue Fund of the District of Columbia)**

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 and 2024  
(*With Independent Auditor's Report*)**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND  
(A Special Revenue Fund of the District of Columbia)**

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## INDEPENDENT AUDITORS' REPORT

To the Mayor, Members of the Council of the Government of the District  
and Inspector General of the Government of the District of Columbia  
Washington, D.C.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Government of the District of Columbia Housing Production Trust Fund (the Fund), a special revenue fund of the Government of the District of Columbia, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Fund as of September 30, 2025, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the General Fund of the District of Columbia, as of September 30, 2025 and 2024, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Other Matter – Prior Year Financial Statements Audited by Another Auditor***

The financial statements of the Fund as of September 30, 2024 were audited by another auditor, whose report dated January 3, 2025, expressed an unmodified opinion on those statements.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparative statement be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the cover page, the mission, vision, values and the Fund annual financial statements memorandum (collectively, the other information) but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2026, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Arlington, Virginia

January 5, 2025

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
**(A Special Revenue Fund of the District of Columbia)**

**Management's Discussion and Analysis**  
**September 30, 2025**

The following is a discussion and analysis of the Government of the District of Columbia's (the District's) Housing Production Trust Fund (the Fund), a Special Revenue Fund of the District of Columbia, financial performance for the fiscal year ended September 30, 2025. The basic financial statements and accompanying notes on pages 10 to 13 should be read in conjunction with this discussion.

**Basic Financial Statements**

The Fund's basic financial statements are comprised of two components: fund financial statements and notes to the financial statements.

- **Fund financial statements.** The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. The financial statements consist of the Balance Sheets and Statements of Revenues, Expenditures, and Changes in Fund Balances.
- **Notes to the financial statements.** The Notes provide additional information that is essential to fully understand the data provided in the fund financial statements.

**2025 Financial Highlights**

- Net loans receivable decreased by \$3,418,044 or 6%
- Allowance for doubtful accounts increased by \$167,751,314 or 12%
- Cash and cash equivalents decreased by \$321,403,080 or 48%
- Accounts receivable decreased by \$1,752,144 or 32%
- Due from other funds increased by \$1,292,604 or 40%
- Deferred inflows of resources – loans receivable decreased by \$3,418,044 or 6%
- Deferred inflows of resources – Inclusionary zoning fees decreased by \$1,525,396 or 30%
- 6 new loans were closed in FY 2025 amounting to \$142,948,102, of which \$71,227.002 was disbursed in 2025. In addition, \$104,776,740 was disbursed in 2025 for loans closed in prior years, totaling \$176,053,742.
- 544 affordable housing units were initiated
- 268 new affordable housing units were completed

**Table 1 - Condensed Balance Sheets as of September 30, 2025 and 2024:**

	<b>FY 2025</b>	<b>FY 2024</b>	<b>Variance</b>	<b>%</b>
Total Assets	\$ 409,547,112	\$ 732,887,776	\$ (323,340,664)	-44%
Total Liabilities and Deferred Inflows of Resources	83,741,941	268,398,769	(184,656,828)	-69%
Restricted Fund Balances	\$ 325,805,171	\$ 464,489,007	\$ (138,683,836)	-30%

***Total Assets***

Total assets decreased by \$323,340,664 or 44% largely due to repayment of restricted cash to satisfy the Due to General Fund from FY 2024.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
(A Special Revenue Fund of the District of Columbia)

**Management's Discussion and Analysis**  
**September 30, 2025**

***Total Liabilities and Deferred Inflows of Resources***

The total liabilities and deferred inflows of resources decreased by \$184,656,828 or 69% due primarily to the reduction in the amount due to the General Fund to reimburse the pooled cash account and decreases in and accounts payable by \$10,743,595 or 28%.

**Table 2 - Condensed Statements of Revenues, Expenditures and Changes in Fund Balances for the years ended September 30, 2025 and 2024:**

	<b>2025</b>	<b>2024</b>	<b>Variance</b>	<b>%</b>
<b>Revenues</b>				
Deed Recordation and Transfer Taxes	\$ 59,812,460	\$ 47,263,632	\$ 12,548,828	27%
Other Revenues	39,332,579	9,867,402	29,465,177	299%
Total Revenues	<u>99,145,039</u>	<u>57,131,034</u>	<u>42,014,005</u>	<u>74%</u>
<b>Expenditures</b>	<b>237,828,875</b>	<b>206,030,638</b>	<b>31,798,237</b>	<b>15%</b>
Excess Expenditures over Revenues	(138,683,836)	(148,899,604)	10,215,767	-7%
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>(28,063,222)</b>	<b>28,063,222</b>	<b>-100%</b>
Net Change in Fund Balances	<u>\$ (138,683,836)</u>	<u>\$ (176,962,826)</u>	<u>\$ 38,278,989</u>	<u>-22%</u>

***Revenues***

- Deed Recordation and Transfer tax revenue increased \$12,548,828 or 27% primarily due to an increase in activity in commercial/industrial properties.
- Other revenues increased by \$29,465,177 or 299% in FY 2025 over FY 2024 due to two large one-time loan/lease payments and interest earned on investment of the Fund.

***Expenditures***

- Expenditures increased by \$31,798,237 or 15% from FY 2025 to FY 2024 largely because of the stabilization grants program. As a result of ongoing stress in the affordable housing sector due to non-payment of rents, \$72 million of grants were awarded to existing projects in FY 2025, of which \$43 million was disbursed. These grants were in addition to five loans for new construction and one for substantial rehabilitation.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
(A Special Revenue Fund of the District of Columbia)

**Management's Discussion and Analysis**  
**September 30, 2025**

**Table 3 – Net Loans Receivable as of September 30, 2025 and 2024:**

	<b>2025</b>	<b>2024</b>	<b>Variance</b>	<b>%</b>
Loans Receivable	\$ 1,652,244,776	\$ 1,487,911,506	\$ 164,333,270	11%
Allowance for uncollectible accounts	(1,600,167,493)	(1,432,416,179)	(167,751,314)	12%
Net Loans Receivable	\$ 52,077,283	\$ 55,495,327	\$ (3,418,044)	-6%

**Table 4 – Number of Active Loans as of September 30, 2025 and 2024:**

	<b>2025</b>	<b>2024</b>	<b>Variance</b>	<b>%</b>
Amortized Loans	91	91	0	0%
Deferred Loans	433	436	-3	-1%
Total	524	527	-3	-1%

**Table 5 – Revenue from Loan and Interest Payments for the years ended September 30, 2025 and 2024:**

	<b>2025</b>	<b>2024</b>	<b>Variance</b>	<b>%</b>
Amortized: Loan Repayments and Interest	\$ 1,802,647	\$ 1,954,329	\$ (151,682)	-8%
Deferred: Loan Repayments and Interest	5,238,551	979,628	4,258,922	435%
Ground lease payment and tax credit admin fee	9,183,487	-	9,183,486	100%
Total	\$ 16,224,684	\$ 2,933,957	\$ 13,290,726	453%

**Table 6 – Government of the District of Columbia Deed Recordation and Transfer Taxes for the years ended September 30, 2025 and 2024:**

	<b>2025</b>	<b>2024</b>	<b>Variance</b>	<b>%</b>
Deed Recordation Taxes	\$ 59,032,696	\$ 45,193,236	\$ 13,839,460	31%
Deed Transfer Taxes	779,764	2,070,396	(1,290,631)	-62%
Total	\$ 59,812,460	\$ 47,263,632	\$ 12,548,829	27%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
**(A Special Revenue Fund of the District of Columbia)**

**Management's Discussion and Analysis**  
**September 30, 2025**

**Table 7 – Number of Affordable Housing Units under Development, Completed and Initiated during FY 2025 and 2024:**

Table 7	2025	2024	Variance	%
Affordable Housing Under Development	1,473	1,651	(178)	-11%
Affordable Housing Completed	268	735	(467)	-64%
Affordable Housing Initiated	544	460	84	18%
Total	2,285	2,846	-561	-20%

The decrease in the number of units under development and initiated in FY 2025 compared to FY 2024 is due to the focus on providing stabilization funding for existing projects in lieu of additional new construction loans in FY 2025.

The decrease in units completed for FY 2025 over FY 2024 reflects the impact of increased construction costs and other factors contributing to delays in project completion, along with the relative unit counts of those projects.

## **FY 2026 OUTLOOK**

Total revenue collection for FY 2026 was originally estimated at approximately \$49 million based on anticipated decreases in dedicated tax collections from FY 2025, however collections year-to-date are running slightly ahead of this estimate. Revenues from loan repayments and other miscellaneous revenues were originally projected to yield approximately \$10 million. Through December 2025, collections are running ahead of budgeted levels. In addition, the Mayor and Council have appropriated \$41 million in funding through the HPTF Subsidy to fund HPTF at \$100 million.

The Fund projects that approximately 1,063 additional affordable housing units will be under development in FY 2026, with 1,473 units projected to be completed. In FY 2026, the Fund anticipates making approximately \$50 million in stabilization loans and grants to distressed properties to maintain affordability in addition to new development loans currently in the underwriting pipeline.

This report is designed to provide a general financial overview of the District of Columbia Government's Housing Production Trust Fund. If there are any questions regarding this report, please contact Beth Spooner, Agency Fiscal Officer of the Department of Housing and Community Development, at (202) 442-7173.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
(A Special Revenue Fund of the District of Columbia)

**Balance Sheets**  
**September 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and cash equivalents (restricted)	\$ 345,455,699	\$ 666,858,779
Accounts receivable	3,642,710	5,394,854
Due from other funds	4,491,420	3,198,816
Loans receivable, net	52,077,283	55,495,327
Due from Fiduciary fund	<u>3,880,000</u>	<u>1,940,000</u>
<b>Total Assets</b>	<u>\$ 409,547,112</u>	<u>\$ 732,887,776</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 28,133,209	\$ 38,876,804
Due to General Fund	<u>-</u>	<u>168,969,792</u>
<b>Total Liabilities</b>	<u>28,133,209</u>	<u>207,846,597</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenues - Loans Receivable	52,077,283	55,495,327
Unavailable revenues - Inclusionary zoning fees	<u>3,531,449</u>	<u>5,056,845</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>83,741,941</u>	<u>268,398,769</u>
<b>Fund Balances</b>		
Restricted fund balances	<u>325,805,171</u>	<u>464,489,007</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 409,547,112</u>	<u>\$ 732,887,776</u>

The accompanying notes are an integral part of the financial statements.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
(A Special Revenue Fund of the District of Columbia)

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Years Ended September 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
Deed recordation and transfer taxes	\$ 59,812,460	\$ 47,263,632
Loan repayments and interest	16,224,684	2,933,957
Other revenue	18,932,666	1,125,432
Inclusionary zoning fees	4,175,229	5,808,013
<b>Total Revenues</b>	<b><u>99,145,039</u></b>	<b><u>57,131,034</u></b>
<b>Expenditures</b>		
<b>Economic development and regulation</b>		
Loans Issued	176,053,742	189,580,500
Grants and Gratuities	46,726,846	1,209,830
Personnel Services	8,774,338	7,454,954
Non-Personnel Services	6,273,949	7,785,354
<b>Total Expenditures</b>	<b><u>237,828,875</u></b>	<b><u>206,030,638</u></b>
<b>Excess Expenditures over Revenues</b>	<b><u>(138,683,836)</u></b>	<b><u>(148,899,604)</u></b>
<b>Other Financing Sources (Uses)</b>		
Transfers Out	-	(219,351,855)
Transfers In	-	191,288,633
<b>Total Other Financing Sources (Uses)</b>	<b><u>-</u></b>	<b><u>(28,063,222)</u></b>
<b>Net Change in Fund Balances</b>	<b><u>(138,683,836)</u></b>	<b><u>(176,962,826)</u></b>
Restricted Fund Balances, beginning of the year	<u>464,489,007</u>	<u>641,451,833</u>
<b>Restricted Fund Balances, ending of the year</b>	<b><u>\$ 325,805,171</u></b>	<b><u>\$ 464,489,007</u></b>

The accompanying notes are an integral part of the financial statements.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
**(A Special Revenue Fund of the District of Columbia)**

**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

The Housing Production Trust Fund (the Fund) was established under the District of Columbia (the District) Housing Production Trust Fund Act of 1988, D.C. Law 7-202, D.C. Code § 42-2802. Under the District of Columbia Housing Act of 2002, D.C. Law 14-114, beginning on October 1, 2003, 15% of the District revenues from real property transfer and deed recordation taxes are dedicated to the Fund each fiscal year, less debt service.

The purpose of the Fund is to provide loans and grants to for-profit and nonprofit developers who are seeking to build or preserve existing affordable housing in the District.

***Reporting Entity***

The basic financial statements presented are only for the Housing Production Trust Fund, a special revenue fund of the District.

***Basis of Accounting and Measurement Focus***

The Fund's activities are accounted for in the District's special revenue fund, a governmental fund type, which is accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period, considered by the District to be 60 days. Expenditures are recorded when the related liabilities are incurred.

***Cash and Cash Equivalents***

Cash and cash equivalents represent cash and investments with maturities of 90 days or less.

***Fund Balance***

The Fund's fund balance is classified as restricted, i.e., to be used only for expenditures specific to enabling legislation. As of September 30, 2025 and 2024, the Fund had positive fund balances.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
**(A Special Revenue Fund of the District of Columbia)**

**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**2. CASH AND CASH EQUIVALENTS**

The Fund's cash and cash equivalents are deposited into an invested pooled account with the District. In accordance with District policies, substantially all deposits were insured or collateralized with securities held by the District or by its agent in the name of the District.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable represents Inclusionary Zoning Fees outstanding as of September 30, 2025 and 2024. There are required fees to be paid at the beginning and ending of construction projects by Developers.

**4. OTHER LONG-TERM ASSETS/LOANS RECEIVABLE**

The Fund's other long-term assets consist of loans receivable as of September 30, 2025 and 2024 as follows:

	<b>FY 2025</b>		
	<b>Loan Amount</b>	<b>Allowance</b>	<b>Net Loans Receivable</b>
Amortized Loans	\$ 52,904,214	\$ (4,075,896)	\$ 48,828,318
Deferred Loans	1,599,340,562	(1,596,091,597)	3,248,965
<b>Total</b>	<b>\$ 1,652,244,776</b>	<b>\$ (1,600,167,493)</b>	<b>\$ 52,077,283</b>

	<b>FY 2024</b>		
	<b>Loan Amount</b>	<b>Allowance</b>	<b>Net Loans Receivable</b>
Amortized Loans	\$ 57,027,877	\$ (5,911,337)	\$ 51,116,540
Deferred Loans	1,430,883,629	(1,426,504,842)	4,378,787
<b>Total</b>	<b>\$ 1,487,911,506</b>	<b>\$ (1,432,416,179)</b>	<b>\$ 55,495,327</b>

- Amortized loans are required to be completely paid off over a specific period at a predetermined interest rate.
- Deferred loans allow the borrower of low-income eligible property to defer repayment of principal during construction, major rehabilitation or modification, and lease period.

In 2025 and 2024 allowance for amortized loans was assessed at 8% and 10%, respectively, based on delinquency and actual historical collections. Allowance for deferred loans with expected repayments was assessed at 0% of outstanding loan balances, and allowance for deferred loans with no expected repayments was assessed at 100% of outstanding loan balances.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
**(A Special Revenue Fund of the District of Columbia)**

**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**5. DUE FROM OTHER FUNDS**

The Office of Finance and Treasury (OFT) transfers monthly revenues (deed recordation taxes and deed transfer taxes) from the Office of the Chief Financial Officer to the Fund. As of September 30, 2025 and 2024, the OFT had not remitted September collections totaling \$4,491,420 and \$3,198,816, respectively, to the Fund.

**6. DUE FROM FIDUCIARY FUND**

The Section 108 loan program allows the District to borrow from the Department of Housing and Urban Development (HUD) for affordable housing projects, securitizing the loan with the District's Community Development Block Grant entitlement. The District received a Section 108 loan in FY 2023 that is recorded in the Fiduciary fund, and began making debt service payments in FY 2024. The District subsequently loaned these funds to a development project, which will repay funds from available cash flow following construction and leasing of the property.

As the project begins making loan repayments, these payments will be recognized as revenue to the Fiduciary fund and will be used to repay the Fund and/or make future debt service payments to the HUD trustee directly from the Fiduciary fund. The amount recorded as due from the fiduciary fund reflects the amount of principal payments made to HUD on behalf of the project prior to receiving normal loan repayments from the developer.

**7. DUE TO GENERAL FUND**

The Due to General Fund reflects pending reimbursement of cash from the HPTF Investment Account to the Concentration Account as of September 30, 2025 and 2024. The Concentration Account makes disbursements for loans, grants and administrative expenditures for the HPTF as part of the normal process of disbursements from the District's payroll and financial systems. Therefore, the HPTF must periodically replenish the Concentration Account for these activities. These reimbursements occurred regularly during FY 2025, and therefore there was no balance due to the General Fund as of September 30, 2025.

**8. OTHER FINANCING SOURCES (USES)**

Transfers In and Out represent funds received from or sent to the District's General Fund for the years ended September 30, 2025 and 2024. There were no Transfers In or Out FY 2025. FY2024 was exceptional in that it included an executive/legislative requirement to repay unspent ARPA funding to the General Fund in exchange for local subsidy dollars included in the Supplemental Budget.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
**(A Special Revenue Fund of the District of Columbia)**

**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**9. COMMITMENTS AND CONTINGENCIES**

The Fund has entered into agreements with developers whereby loan funds have been partially disbursed. As of September 30, 2025 and 2024, the total amount of undisbursed loans under executed agreements were \$164,574,751 and \$165,254,198, respectively. The remaining disbursements will be made based on the executed agreements with the developers.

**10. RELATED PARTY TRANSACTIONS**

During fiscal year 2024 there was one transaction with a related party for a loan that closed for \$11,421,596, with terms similar to other projects funded by the HPTF. A Board Member is the President of the developer of the project, and the CEO of a partner in the development team. The current principal amount of the loan as of September 30, 2025 was \$4,828,943.

Another Board member is a Principal in a Firm providing tenants and other services to organizations that provide affordable housing that may be a recipient of HPTF funding. The Board Member and Firm are not recipients of HPTF funding.

## **Required Supplementary Information**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
**(A Special Revenue Fund of the District of Columbia)**

**Budgetary Comparison Statement**  
**For the Year Ended September 30, 2025**

	<b>Budget</b>			
	<b>Original</b>	<b>Revised</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES and OTHER SOURCES</b>				
Revenue from Recordation and Deed Taxes	\$ 48,997,224	\$ 48,997,224	\$ 59,812,460	\$ 10,815,236
Loan Repayment	5,000,000	15,000,000	16,224,684	1,224,684
Other Revenue	5,000,000	16,000,000	23,107,895	4,400,655
HPTF Subsidy Transfer	21,000,000	-	-	-
Use of Fund Balance	-	182,945,413	182,945,413	-
<b>Total Revenues and Other Sources</b>	<b>79,997,224</b>	<b>262,942,637</b>	<b>282,090,452</b>	<b>16,440,575</b>
<b>EXPENDITURES</b>				
Project Expenditures (Multi-family)	63,997,640	245,053,302	204,908,118	20,830,305
Administrative Expenses	11,999,584	11,889,334	11,348,840	540,495
Single Family Residential Rehabilitation Program	2,000,000	3,000,000	1,948,623	1,051,377
Vacant and Blighted	2,000,000	3,000,000	2,248,415	751,585
<b>Total Expenditures and Other Uses</b>	<b>79,997,224</b>	<b>262,942,637</b>	<b>220,453,996</b>	<b>23,173,762</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,636,456</b>	<b>\$ 39,614,337</b>
<b>Reconciliation to Change in Fund Balance</b>				
Excess of Revenue over Expenditures per Budgetary Schedule			\$ 61,636,456	
Exclude Budgeted use of Fund Balance			(182,945,413)	
<b>Excess of Expenditures over Revenues, excluding Fund Balance</b>			<b>(121,308,956)</b>	
Increase in Expenditures to reflect Non-Budgetary Transactions			(17,374,880)	
<b>Excess of Expenditures over Revenues per Income Statement</b>			<b>\$ (138,683,836)</b>	

**Revenues and Other Sources**

Total actual revenues and other sources were higher by \$16,440,575 or 6% than the revised budget. The variance is due to higher revenues received from deed recordation and transfer taxes of \$10,815,236 or 22% and other revenues of \$5,625,339 or 28%, respectively. Deed Recordation and Transfer tax revenue increased primarily due to an increase in activity in commercial and industrial properties. Other revenues increase mainly due to two large one-time loan/lease payments and interest earned on investment of the fund, which offset a reduction in expected subsidy revenue from the General Fund.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**HOUSING PRODUCTION TRUST FUND**  
**(A Special Revenue Fund of the District of Columbia)**

**Budgetary Comparison Statement**  
**For the Year Ended September 30, 2025**

**Expenditures**

Total actual expenditures were lower by \$23,173,762 or 9% than the revised budget, which was due primarily to lower spending by \$20,830,305 or 9% in development finance (multi-family) construction projects that are initiated/obligated in one fiscal year but take 2 to 3 years to complete. Funds for these projects were obligated but not fully expended in 2025.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Mayor and Council of the Government of the District of Columbia  
District of Columbia Department of Housing and Community Development

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of District of Columbia Housing Production Trust Fund (the Fund), a special revenue fund of the Government of the District of Columbia, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements and have issued our report thereon dated January 5, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Mayor and Council of the Government of the District of Columbia  
District of Columbia Department of Housing and Community Development  
The District of Columbia Housing Production Trust Fund

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
January 5, 2026



## REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

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