

**TESTIMONY OF DANIEL W. LUCAS, INSPECTOR GENERAL  
BEFORE THE  
COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE ON GOVERNMENT OPERATIONS & FACILITIES**

**PUBLIC HEARING ON  
BILL 24-0509 –INSPECTOR GENERAL  
OVERSIGHT CONSISTENCY  
AMENDMENT ACT OF 2021**

**July 11, 2022**

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Good afternoon, Chairperson White and Members of the Committee. I am Daniel W. Lucas, Inspector General for the District of Columbia. I am pleased to appear virtually before the Committee to discuss Bill 24-0509, the “Inspector General Oversight Consistency Amendment Act of 2021.” Before I provide testimony on the subject Bill, I would like to state that the Office of the Inspector General (OIG) has several ongoing matters at the District of Columbia Housing Authority (DCHA), and it would be inappropriate to provide any updates at this point. I appreciate your understanding in needing to protect the integrity of our oversight work.

**Legislative History.** Now, I believe it would be helpful to understand the legislative evolution of DCHA and the resulting need for this legislation to become permanent.

In the early 1990s, DCHA’s predecessor, the District’s Department of Public and Assisted Housing (DPAH), suffered from “scandals of bribery, corruption, mismanagement, and

instability.”<sup>1</sup> In 1993, the District of Columbia Superior Court appointed a “Special Master” to review DPAH’s operations.<sup>2</sup> At the Special Master’s recommendations, the Court ultimately appointed a “Receiver” to manage DPAH.<sup>3</sup>

Shortly after the appointment of the Receiver, the Council considered legislation to dissolve DPAH and create an independent agency to address the “shifting priorities and constantly changing leadership at DPAH.”<sup>4</sup> In 1995, the legislation passed and established DCHA as an independent agency within the District government.<sup>5</sup>

In 1999, DCHA was on track to overcome the Court-ordered receivership. At that time, the Receiver worked with the Council on legislation to “ensure that under post-receivership, [DCHA would] remain a financially and operationally sound independent entity of the Government of the District of Columbia.”<sup>6</sup> Among other enhancements, the introduced legislation created an “Office of Audit and Compliance” within DCHA.<sup>7</sup> The Office of Audit and Compliance would conduct “independent fiscal and management audits of [DCHA’s] operations [...] other special audits, assignments, and civil and criminal investigations.”<sup>8</sup> As Council deliberated the proposed

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<sup>1</sup> See COMM. ON HOUSING, COMM. REPORT ON BILL 10-671, THE “DISTRICT OF COLUMBIA HOUSING AUTHORITY ACT OF 1994” 2 (1994), [https://lims.dccouncil.us/downloads/LIMS/3015/Committee\\_Report/B10-0671-CommitteeReport1.pdf](https://lims.dccouncil.us/downloads/LIMS/3015/Committee_Report/B10-0671-CommitteeReport1.pdf) (last visited June 17, 2022).

<sup>2</sup> *Supra* note 1 at 3.

<sup>3</sup> *Id.* (See also, *Pearson v. Kelly, et al.*, (92-CA-14030) (D.C. Sup. Ct., May 19, 1995).

<sup>4</sup> *Supra* note 1 at 3.

<sup>5</sup> District of Columbia Housing Authority Act of 1994, D.C. Law 10-243 (Mar. 21, 1995).

<sup>6</sup> See Letter from D. Gilmore, Receiver, District of Columbia Housing Authority to Linda Cropp, Chairperson – Council of the District of Columbia (Apr. 1, 1999), <https://lims.dccouncil.us/downloads/LIMS/7630/Introduction/B13-0169-INTRODUCTION.pdf> (last visited June 17, 2022).

<sup>7</sup> See COUNCIL OF THE DISTRICT OF COLUMBIA, COMM. ON CONSUMER AND REGULATORY AFFAIRS, COMM. REPORT ON BILL 13-169, THE “DISTRICT OF COLUMBIA HOUSING AUTHORITY ACT OF 1999,” 3 (Nov. 15, 1999), [https://lims.dccouncil.us/downloads/LIMS/7630/Committee\\_Report/B13-0169-Committee\\_Report1.pdf](https://lims.dccouncil.us/downloads/LIMS/7630/Committee_Report/B13-0169-Committee_Report1.pdf) (last visited June 17, 2022).

<sup>8</sup> *Id.* Sec. 9 at 70.

legislation, a section entitled “intergovernmental cooperation” was added, which placed limitations on the OIG’s ability to *independently* initiate and conduct investigations at DCHA.<sup>9</sup> To initiate an investigation, the OIG would first have to receive a request from the Council. The Council enacted the legislation in early 2000,<sup>10</sup> and shortly after, the Court terminated DCHA’s receivership.<sup>11</sup>

**Evolution of the District’s Relationship with DCHA.** Since 2000, the District’s relationship with DCHA has evolved considerably. In FY 2006, the District began providing DCHA with local dollars to subsidize operations due to anticipated losses in federal operating funding.<sup>12</sup> The subsidy has grown from \$10 million in FY 2006<sup>13</sup> to more than \$182.5 million in the proposed FY 2023 budget.<sup>14</sup>

In addition to the District’s subsidy to DCHA’s operations, in FY 2021, the District established the “Public Housing and Structural Transformation (PHAST)” capital account.<sup>15</sup> PHAST serves as a District funding source for the development and rehabilitation of DCHA’s real estate

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<sup>9</sup> See Engrossed version of Bill 13-169, Sec. 29. Intragovernmental cooperation., at 57, <https://lims.dccouncil.us/downloads/LIMS/7630/Meeting1/Engrossment/B13-0169-Engrossment1.pdf> (last visited June 17, 2022).

<sup>10</sup> District of Columbia Housing Authority Act of 1999, D.C. Law 13-105 (effective from May 9, 2000).

<sup>11</sup> *Supra* note 3.

<sup>12</sup> FY 2007 HOUSING AUTHORITY SUBSIDY (HY0), B-143 (June 30, 2007), [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ocfo\\_dc\\_budget\\_volume\\_2c.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ocfo_dc_budget_volume_2c.pdf) (last visited June 17, 2022).

<sup>13</sup> *Id.*

<sup>14</sup> FY 2023 HOUSING AUTHORITY SUBSIDY (HY0), TABLE HY0-1 (Mar. 16, 2022), [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy\\_has\\_chapter\\_2023m.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy_has_chapter_2023m.pdf) (last visited June 17, 2022).

<sup>15</sup> Fiscal Year 2021 Budget Support Act of 2020, D.C. Law 23-149 § 2192 (effective from Dec. 3, 2020).

portfolio. PHAST's projected 6-year capital budget has increased from \$65 million in FY 2021<sup>16</sup> to \$211 million in the proposed FY 2023 budget.<sup>17</sup>

Since FY 2006, through the FY 2023 proposed budget, the District will have provided over \$1.3 billion in local dollars to DCHA to help subsidize its operations and capital improvements.

**OIG Oversight** – Starting in 2020, the OIG's hotline saw an increase in complaints regarding DCHA's programs and operations. During this time, the OIG attempted to work with DCHA to obtain facts relative to these complaints. Despite the OIG's statutory access to District government records, including those belonging to independent agencies,<sup>18</sup> DCHA sought to delay or otherwise impede turning over requested information to my Office. Given that complaints made to the OIG risked going unadjudicated, in late FY 21, I began to notify the Council's Committee on Housing and Executive Administration of various matters that the OIG could not address due to limitations in our statute.

After the OIG's notification, the Committee on Housing and Executive Administration Chairperson and Committee members made a series of requests for investigations into the matters we brought to its attention. Understanding that this is a protracted process, which risked compromising the integrity of any investigation, the Council introduced emergency and

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<sup>16</sup> GOV'T OF THE DISTRICT OF COLUMBIA FY 2021 APPROVED BUDGET AND FINANCIAL PLAN, VOL. 5, FY 2021 TO 2026 CAPITAL IMPROVEMENTS PLAN (INCLUDING HIGHWAY TRUST FUND) 247 – HY0 (Aug. 27, 2020), [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy\\_dcha\\_capital\\_2021a.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy_dcha_capital_2021a.pdf) (last visited June 17, 2022)

<sup>17</sup> GOV'T OF THE DISTRICT OF COLUMBIA FY 2023 PROPOSED BUDGET AND FINANCIAL PLAN, VOL. 5, FY 2023-2028 CAPITAL IMPROVEMENTS PLAN 260 -HY0, (Mar. 16, 2022), [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy\\_has\\_capital\\_2023m.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy_has_capital_2023m.pdf) (last visited June 17, 2022)

<sup>18</sup> D.C. Code § 1-301.115a(e-1).

temporary legislation that removed the need for the Council to request the OIG investigate matters at DCHA. Today’s hearing seeks to make this legislation permanent and allow the OIG to “independently [c]onduct . . . investigations relating to the programs and operations of District government departments and agencies, *including independent agencies.*”<sup>19</sup> (Emphasis added). To be clear, I am in favor of this legislation. Like other District entities, including independent agencies, the legislation allows the OIG to exercise its statutory independence to initiate investigations of alleged misconduct at DCHA, while at the same time reducing the risk of compromising the integrity of any investigative work.

In conclusion, Chairperson White and members of the Committee, the solutions found in Bill 24-0509 will help permanently bridge an oversight gap within the District government. Given the historic local-dollar investments in DCHA’s operations and capital improvements, the District government and residents should be concerned about how these resources are being used, and if any malfeasance in DCHA’s programs and operations is alleged, the matter will be promptly addressed and adjudicated. If the District finds itself in a situation where DCHA’s internal oversight mechanisms are conflicted, the Council is unable to address the issues, or a matter falls outside of the federal government’s oversight purview, the OIG is the only entity left in the District government that would be able to investigate allegations of criminal, civil, or administrative misconduct within DCHA’s programs and operations. Enacting this permanent legislation will bolster the integrity of the District’s oversight system and ultimately benefit the District government and its residents.

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<sup>19</sup> *Id.* (a-1)(1).

This concludes my prepared testimony, and I would be happy to answer any questions.