

LOOKING
INSIDE



D.C. Housing Finance Agency

FISCAL YEAR 2003 ANNUAL REPORT

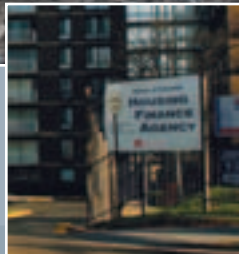
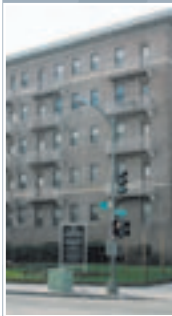


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D.C. Housing Finance Agency

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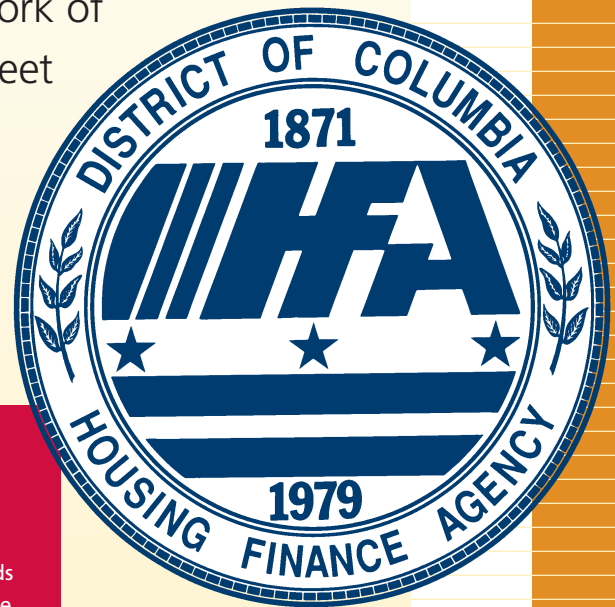


MISSION

“This year, I made a commitment to bring 100,000 new residents to Washington. The D.C. Housing Finance Agency has played a major role by financing the much-needed renovation of several apartment buildings and the demolition of vacant and dilapidated properties that will be transformed into vibrant, new affordable homes. I’m proud of the hard work of the HFA, which has helped to meet Washington’s growing need for reasonable rental housing.”



Anthony A. Williams
Mayor



Mission Statement

The District of Columbia Housing Finance Agency (HFA) was established in 1979 to stimulate and expand homeownership and rental housing opportunities in Washington, D.C. We accomplish our mission by issuing mortgage revenue bonds that lower the homebuyer’s cost of purchasing and rehabilitating homes and the developer’s cost of acquiring, constructing and rehabilitating rental housing. We embrace our responsibility with conviction and pledge our best efforts to serve as the city’s champion for homeowners and renters and to act as the city’s principal catalyst for neighborhood investment.

Vision Statement

We are committed to working closely and cooperatively with our housing partners to create attractive, stable and vibrant neighborhoods.

Dedication

The District of Columbia Housing Finance Agency annual report for the fiscal year ending September 30, 2003 is respectfully submitted to:

The Honorable Anthony A. Williams
Mayor, District of Columbia

The Honorable Linda W. Cropp
Chair, Council of the District of Columbia

The Honorable Harold Brazil
Chair, Committee on Economic Development

The Honorable Carol Schwartz (At-Large)

The Honorable David A. Catania (At-Large)

The Honorable Phil Mendelson (At-Large)

The Honorable Jim Graham (Ward 1)

The Honorable Jack Evans (Ward 2)

The Honorable Kathleen Patterson (Ward 3)

The Honorable Adrian Fenty (Ward 4)

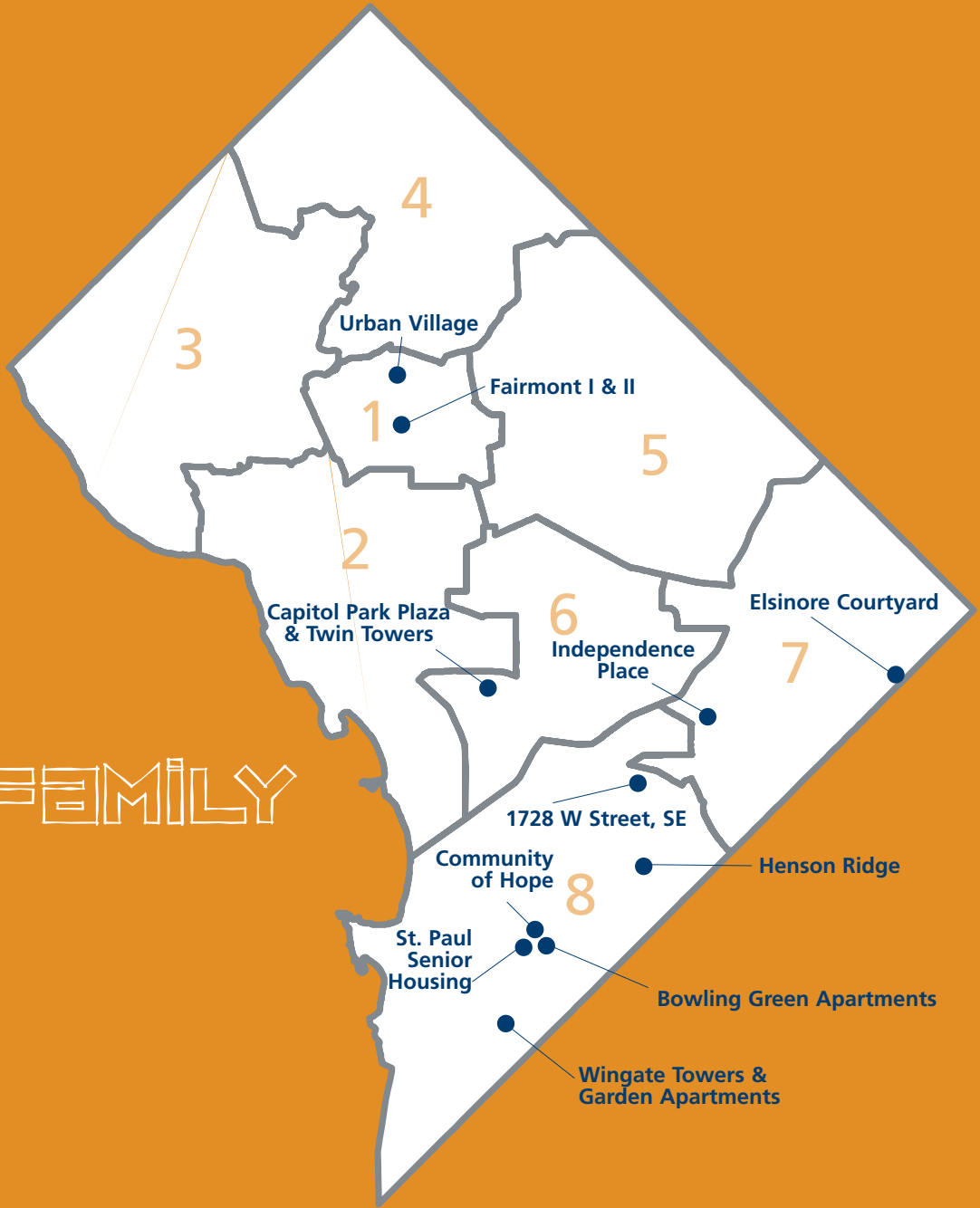
The Honorable Vincent B. Orange, Sr. (Ward 5)

The Honorable Sharon Ambrose (Ward 6)

The Honorable Kevin P. Chavous (Ward 7)

The Honorable Sandra Allen (Ward 8)

FY 03 MULTIFAMILY MAP



| | UNITS | SHORT-TERM LOANS | TAX-EXEMPT BONDS | TAX-EXEMPT BRIDGE BONDS | LIHTC/DCHFA | CDBG | TOTAL INVESTMENT |
|---------------|-------|------------------|------------------|-------------------------|--------------|-------------|------------------|
| Single-Family | 5 | | \$612,400 | | | | \$612,400 |
| Multifamily | 2,099 | | \$121,850,000 | \$4,740,000 | \$38,481,225 | \$4,065,000 | \$170,083,701 |
| McKinney Act | 51 | \$990,000 | | | | | \$990,000 |
| Totals | 2,155 | \$990,000 | \$122,462,400 | \$4,740,000 | \$38,481,225 | \$4,065,000 | \$171,686,101 |



MESSAGE FROM THE CHAIR

Fiscal Year 2003 (FY 03) saw a tremendous demand for affordable housing in Washington. HFA's Multifamily Mortgage Revenue Bond Program and the McKinney Act Savings Fund program activities exceeded previous levels of investment in meeting that demand. The HFA responded by financing a record number of developments and expanding its counseling and informative efforts. The HFA issued \$126.5 million in tax-exempt bond financing for eight developments with the majority of the units financed serving residents earning less than 60% of the Area Median Income. These multifamily developments yielded a total of 2,099 units, including 56 units of senior housing.

The Board is proud of its role in guiding the HFA and ensuring that we finance developments that benefit residents, neighborhoods and the city. The HFA's Board has worked diligently to refine our internal capacity, and maintain the HFA's strong position within the nation's investment community. We have strengthened the day-to-day operating and program capacity of the HFA by investing in people and our facility.

The partnerships formed to create affordable housing with the Mayor's office, the City Council as well as for-profit and nonprofit development organizations have yielded positive results. In Fiscal Year 2004, we plan to strengthen these partnerships designed to preserve existing affordable housing, help construct new affordable housing developments and increase the city's homeownership rate.

I would like to acknowledge the commitment, dedication and efforts of the executive director and HFA staff for making the past year a success.



Rosalyn P. Doggett



Clockwise: Michael L. Wheat, Kathleen Miles, Rosalyn P. Doggett and Isaac Green

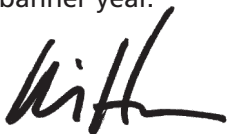
MESSAGE FROM THE EXECUTIVE DIRECTOR

The past year was highly productive for the HFA. Thanks to a strong real estate market and record low interest rates, the HFA and its partners financed 2,155 affordable housing units, which resulted in a partnership investment of \$237 million throughout the city.

The HFA also made homeownership more accessible for Spanish-speaking citizens, leveraged funds to benefit special needs populations, low-income renters and senior citizens, and we successfully refined our internal capacity to maintain a strong credit position within the financial markets.

With each passing day, the HFA becomes more efficient at preserving affordable housing in Washington. As we move forward, I am determined that the HFA will not rest on its accomplishments.

I wish to thank each of our partners, the dedicated and talented individuals within city government and my Board of Directors and staff for making 2003 another banner year.



Milton J. Bailey





FY 2008 ACCOMPLISHMENTS

Financial

- ▶ Earned \$3.982 million in net revenue
- ▶ Increased operating reserves by \$2.279 million, from \$11.421 million to \$13.743

Programmatic: Multifamily Rental Housing

- ▶ Financed 2,099 rental units at a projected community investment of \$126.5 million in tax-exempt bonds
- ▶ Funded \$8.2 million for Henson Ridge: HOPE VI Phase I
- ▶ Funded \$30 million for Capitol Park Plaza and Twin Towers
- ▶ Funded \$16.1 million for Fairmont I & II
- ▶ Funded \$6 million for Elsinore Courtyards
- ▶ Funded \$10.7 million for Bowling Green Apartments
- ▶ Funded \$6.3 million for Urban Village Apartments
- ▶ Funded \$45 million for Wingate Towers and Garden Apartments
- ▶ Funded \$4.2 million for St. Paul Senior Housing

McKinney Act Savings Fund

- ▶ Financed 51 housing units at a projected community investment of \$990,000
- ▶ Funded \$300,000 for 1728 W Street, SE
- ▶ Funded \$300,000 for Independence Place
- ▶ Funded \$390,000 for Community of Hope

Programmatic: Single-Family Homeownership Programs

- ▶ Helped six families avoid foreclosure
- ▶ Originated five in-house mortgage loans
- ▶ Provided homeownership counseling to approximately 2,000 individuals
- ▶ Conducted free monthly walk-in homeownership workshops in Spanish
- ▶ Received an \$8,000 grant from Fannie Mae to purchase computers for a public computer lab in the Home Resource Center
- ▶ Received a \$30,000 contract to provide housing counseling to the Henson Ridge Homebuyers Club

General

- ▶ Established an electronic newsletter in Spanish and English
- ▶ Published a bimonthly newsletter in Spanish
- ▶ Established the Credit Chat Room Seminar for local high school students

FY 2004 OBJECTIVES

Financial

- ▶ Earn \$1.5 million in net revenue
- ▶ Increase operating reserves by \$.461 million, from \$13.743 million to \$14.101 million

Programmatic: Multifamily Rental Housing

- ▶ Fund approximately 1,893 units of affordable housing for a total community investment of about \$171.5 million in taxable and tax-exempt bonds
- ▶ Fund \$32 million for Capitol Hill Towers
- ▶ Fund \$9.2 million for Congress Park II
- ▶ Fund \$4.8 million for JW King Seniors Housing
- ▶ Fund \$5 million for Randle Highlands Manor
- ▶ Fund \$10.6 million for Trenton Terrace
- ▶ Fund \$14.6 million for Village at Chesapeake
- ▶ Fund \$6.9 million for New East Capitol
- ▶ Fund \$13.4 million for 1330 7th Street, NW
- ▶ Fund \$36.6 million for Ft. Totten Apartments
- ▶ Fund \$7.8 million for Savannah Heights Apartments
- ▶ Fund \$3.8 million for North Capitol Townhomes
- ▶ Fund \$7 million for Arthur Capper/Carrollsborg Phase I

Programmatic: Single-Family Homeownership Programs

- ▶ Secure \$3 million of HPTF, HOME or appropriated funds to blend with bond proceeds to lower mortgage interest rates
- ▶ Issue \$20 million in Single-Family Mortgage Revenue Bonds
- ▶ Set aside \$5 million of proceeds to fund Teachers Housing Initiative and to make low-income loans at 4% and 5%
- ▶ Originate \$15 million in mortgage loans via participating lenders that benefit 120 borrowers
- ▶ Provide homeownership counseling to approximately 2,000 individuals
- ▶ Establish community-based housing and mortgage counseling outreach services East of the River

General

- ▶ Launch new full-scale Spanish and English web site
- ▶ Release interactive outreach CD-Rom
- ▶ Complete physical and environmental improvements to HFA headquarters

PARTNERS

Moody's Investors Service

"As demonstrated by a Moody's Investors Service A3 issuer rating, the HFA has continued to exhibit strength and create financings that ultimately result in quality affordable housing units. Many low-income residents have found a place to call "home" through HFA's Aaa-rated FHA Risk Share Indenture, of which numerous multifamily financings have been facilitated. Through continued oversight of their bond programs, HFA has continued to pursue this important mission."

Barbara J. Thompson

**Executive Director,
National Council of State Housing Agencies**

"The National Council of State Housing Agencies salutes the HFA for its efforts to secure homeownership and rental housing opportunities and help revitalize DC's neighborhoods. With the enormous need for affordable housing in our communities, production and preservation initiatives like those taken by the HFA are more important than ever."

George Rothman

President, Manna, Inc.

"Year in and year out, the HFA leads the way in DC in assisting low- and moderate-income families become first-time homeowners through its mortgage loan programs. As a partner in this work, we applaud the HFA's successful efforts in helping people realize the American dream, and we also applaud the organization for its spirit of cooperation, responsiveness to its customers, and commitment to its mission. We're fortunate to have such a productive and progressive partner here in the nation's capital."

Stephen Rigelsky

**Executive Vice President,
Castle Management Corporation**

"The redevelopment of Stanton Glenn Apartments would not have occurred without the HFA's initiative, guidance and professionalism. We are proud to have the HFA as our partner in preserving and building affordable housing for District residents."

Don Tucker

Executive Vice President, AHD, Inc.

"As a developer of affordable housing, AHD is proud to play a part in the revitalization of Ward 8. Bowling Green Apartments represents a unique opportunity to replace urban blight with new affordable workforce housing. We would like to extend our thanks to the HFA for the vital role you play not only as a lender, but as a leader in providing affordable housing in the District of Columbia."

Telesis Corporation

"The HFA is a can-do agency. It cares about the people of the District, their neighborhoods, and the quality of their lives. They are the best public partner a private partner can have."

SunTrust Bank

"SunTrust has had the pleasure of serving as trustee for bonds issued by the HFA for the past 15 years. Together we have formed a partnership that is beneficial to residents of the District, as well as to the HFA, to the HFA's bondholders, and to SunTrust. We are proud of the opportunity that the HFA has given us to play a small part in providing affordable housing to residents of the District. We look forward to continuing our work with the HFA for many years to come."

Reverend Anthony J. Motley

President, Inner Thoughts, Inc.

"The partnership between the HFA and Inner Thoughts, Inc. is designed to empower the local residents to become homeowners, thus stemming the tide of the low homeownership rate in our community and in our city for years to come."

W. Christopher Smith, Jr.

Chairman and CEO, William C. Smith & Company

"The D.C. Housing Financing Agency is an invaluable partner in the effort to create and sustain affordable housing in the District of Columbia. On both the rental and home ownership sides, the HFA is a key component in forging public and private relationships that result in quality housing. William C. Smith & Co. is grateful for the leadership provided by the agency and proud of the work we have been able to accomplish together."

Arnie Litman

President, Litman Development

"The HFA is an example of everything good about government advocacy."

Kenneth G. Lore

Partner, Swidler Berlin Shereff Friedman, LLP

"Because of its high standards of professionalism and "can-do" approach to solving problems, the D.C. Housing Finance Agency has established an excellent reputation among developers in the community as a funding source for affordable multifamily projects."

B. Doyle Mitchell Jr.

President/CEO, Industrial Bank, NA

"Over the years, Industrial Bank, NA has enjoyed a rewarding strategic partnership with the D.C. Housing Finance Agency to bring affordable housing for District residents. In 2003, we are particularly proud to enhance our relationship with the HFA's Home Resource Center by providing technical assistance for the Walk-in Wednesday Homeownership Workshop, Su Casa Propia Workshop and the Home Resource Center's annual housing fair."

James B. Mitchell

**Project Manager, HUD Office of Multifamily
Asset Management**

"Since 1992, the HFA has partnered with HUD to reduce Section 8 subsidy costs by refunding high interest rate housing bonds. By the McKinney Act sharing formula, half these savings are passed back to the HFA for housing programs of the agency's design. The HFA did more McKinney Act bond transactions than any other state agency and realized over \$3 million to provide housing for very low-income families."

James F. Croft

**President and Chief Operating Officer,
Red Capital Markets, Inc.**

"Because we are so active nationally, we recognize excellence in issuers; under its current leadership and management, the HFA has become one of the nation's most efficient and expert issuers of tax-exempt housing bonds. We are pleased to have had the privilege of working with HFA for over three decades in its critical role of promoting affordable housing in the District."

Bear Stearns & Co.

"Bear, Stearns & Co. Inc. is pleased to serve as a senior underwriter to the HFA. We honor our commitment to the HFA and the District of Columbia by continuously striving to develop financing solutions that achieve the lowest possible cost of funds to create more affordable housing within the District of Columbia."

Michael Bodaken National Housing Trust

"The D.C. Housing Finance Agency was an essential partner in our turnaround of Meridian Manor. They care about more than housing. They care about housing that contributes to the community."

Jeffrey L. Johnson Vice President, Acquisitions Paramount Financial Group, Inc.

"Paramount Properties, Inc. would not have been able to achieve its investment and development goals in the District of Columbia had it not been for the support of the HFA. With more than sixteen years as an investor in affordable housing, we definitely share their vision and commitment to quality affordable housing. The HFA has been a hardworking, diligent and extremely accessible partner and working with them has been nothing less than an unbelievable experience. We look forward to building upon the successful partnership we have enjoyed to date with the HFA, in addition to further establishing our mutual commitment to enhance the quality of affordable housing in the District."

N. Linda Goldstein Goulston & Storrs, PC

"Creativity is key as we work to house all within our community. In this regard, the HFA's staff works hard to think outside the box and make deals happen."

Earle C. Horton, Esq. Graves & Horton, LLC

"In our role as bond counsel for the D.C. Housing Finance Agency, we have enjoyed being a part of the revitalization of the District of Columbia and in particular, the improvement of the multi-family housing stock for low-to-moderate income families. We are pleased by the HFA's dedication to working with small, disadvantaged and minority-owned businesses. The level of integrity and commitment demonstrated by the HFA confirms that they have what it takes to ensure that all District citizens are provided with affordable housing opportunities."

Leith Wain

President, Patriot Group, LLC

"The HFA offers a wonderful vehicle to channel public finance and private resources into developing affordable housing for all District residents. Furthermore, the HFA is sophisticated enough to go beyond just affordability, and focus expanded energies on quality of life issues ranging from livability to neighborhood outreach."

H.R. Crawford President, Crawford Edgewood Managers, Inc.

"Our city is experiencing a major renaissance. The opportunity is here to provide model affordable housing communities for D.C. residents and our neighborhoods by providing strong linkages with the private sector. The D.C. Housing Finance Agency, Department of Housing and Community Development and the D.C. Housing Authority are setting the standard for other major cities to follow."

Mitchell J. Bragin Partner, Kutak Rock LLP

"We at Kutak Rock work with state and local housing agencies all over the country. In the years that we have had the pleasure to work with the D.C. Housing Finance Agency, we never cease to be amazed at the dedication and enthusiasm of the staff of the agency. Their success in achieving their goal of providing safe, decent and affordable housing for the residents of the District of Columbia is evident. Their past successes have encouraged them to tirelessly continue to make the District of Columbia a quality place to live for all its residents."

Ken Maggin Vice President, Maggin Construction Company, Inc.

"Over the past several years, Maggin Construction Company has had the opportunity to work with the D.C. Housing Finance Agency on several important multifamily housing developments. This year, we partnered to complete Golden Rule Plaza, which provides 119 affordable apartments for the elderly in the New York Avenue corridor. It is through the continued commitment and organization skills of the HFA that these beneficial projects continue to be made available to the much-needed affordable housing market."

Lessie Powell Evans Director, Washington, D.C. Enterprise Office

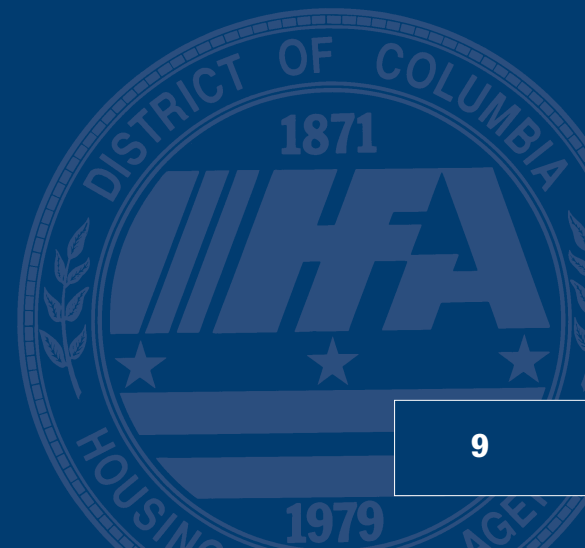
"The Enterprise Foundation provides loans, grants and technical assistance to nonprofits that build and rehabilitate affordable housing. Enterprise Homes, Inc. develops high quality mixed-income communities. Together, we know the value of a partner like the HFA. Their financing products for multifamily and single-family housing plus their financing expertise makes them an indispensable partner in preserving Washington's affordable housing and helping to create new opportunities for families in the District of Columbia."

Ballard Spahr Andrews & Ingersoll, LLP

"Ballard Spahr Andrews & Ingersoll, LLP is pleased to have participated with the D.C. Housing Finance Agency in the financing of several affordable housing developments in the District of Columbia. The HFA's interest and professional approach to meeting this important need in the District of Columbia has provided many residents with decent and safe housing. The HFA can be proud of the recognition and awards its developments have received from residents, neighbors and the DC Marketing Center."

Albert R. Hopkins, Jr. President & CEO, Anacostia Economic Development Corporation

"The Anacostia Economic Development Corporation and the Anacostia/Far Southeast community have greatly benefited from the work of the D.C. Housing Finance Agency. The creative financing provided by the HFA has produced many affordable housing developments in the communities East of the River. We are proud of these developments and ever grateful for the financing provided by the HFA, which made them possible."



McKinney Act Savings Fund

The HFA is committed to helping increase affordable housing in Washington. Often, groups lack the financial resources necessary to pay for the initial costs of planning and undertaking an affordable housing initiative. By tapping into the HFA's McKinney Act Savings Fund, many small developers are able to overcome major financial obstacles that may hinder them from completing their developments. In FY 03, the HFA provided loans in the amount of \$990,000 to help develop the following affordable rental housing developments:

Independence Place — Located in Ward 7, Independence Place will permanently house 21 families. So Others Might Eat, a local nonprofit organization committed to helping the city's homeless population, will provide on-site management and social service coordination, education, recreation and enrichment activities for families and children.

Hope Apartments — Built in 1948, Hope Apartments was donated to the Community of Hope, Inc. by two of its boardmembers. The Ward 8 apartments will be rehabilitated and reconfigured to provide 13 much-needed transitional housing units for homeless families. Support services will also be provided for the residents, including employment and vocational training; life skills classes on recovery, budgeting and parenting; and support group meetings for parents and children.

1728 W Street, SE — This dilapidated and vacant apartment building is slated to undergo major renovations. The Nonprofit Community Development Corporation of Washington D.C., Inc. plans to transform the building into 17 large affordable homes. Since the developers are using a loan from the McKinney Act Savings Fund, 10 of the units will be set aside for families earning less than 50% of the Area Median Income, which is \$43,500 for a family of four.



Independence Place



Housing Counseling

Since 1992, the HFA has provided individual credit, budget, and homeownership counseling for specific housing developments and organizations. The Home Resource Center is the flagship component of the HFA's homeownership education and counseling activities, and its staff had several noteworthy accomplishments last fiscal year. Staff provided homeownership counseling to more than 2,000 individuals, held hundreds of free workshops, provided free information to visitors at more than a dozen fairs and spoke at numerous special events across the city.

The Home Resource Center is well known for its walk-in policy, and hopeful homebuyers from across the region frequently visit the center to speak with housing counselors, receive free homeownership information and learn about the HFA. With the assistance of an \$8,000 grant from Fannie Mae, visitors can now search the Internet for homeownership-related information in the center's new computer lab. The new computers provide high-speed Internet access and allow hopeful homebuyers to surf the web with ease.

Outreach to the city's youth and Latino communities also increased. Staff created the Credit Chat Room Seminar to help young adults - the city's future homebuyers - learn about credit and avoid bad credit decisions. The free 30-minute seminar is held at local high schools, churches and the facilities of youth group organizations. In addition, the Home Resource Center introduced the Su Casa Propia Workshop, which is a free homeownership workshop conducted in Spanish. It is offered the third Thursday of every month in the HFA's auditorium. Also, the HFA produced an electronic and a bimonthly newsletter in Spanish.

Without the HFA the dream of owning your own home for thousands of residents living in the nation's capital would have been just that, a dream. The HFA has made it possible for low- to moderate-income families to learn and understand the importance of investing in oneself and in where one lives. The HFA takes the stress and confusion out of buying a home and enables residents to have pride in where they live.

Brenda H. Jones
Executive Director, Parklands Community Center
and Former HFA Boardmember





Urban Village Apartments

In FY 03, interest and investment in the redevelopment of Ward 1 continued. Since 1999, the HFA issued \$93.3 million in taxable and tax-exempt bonds to produce 1,160 affordable units in Ward 1. Urban Village is another example of the HFA's commitment to help preserve Section 8 units in the area, while renovating its aging rental housing stock.

The HFA provided \$6.3 million in tax-exempt bond financing to Somerset Urban Partners, LLC and the Urban Village Tenants Association for the acquisition and rehabilitation of Urban Village Apartments, a 72-unit garden-style apartment complex in Ward 1. Urban Village Apartments is on the corner of 16th Street, NW and Meridian Place, NW. The 25-year-old apartment complex consists of six garden-style buildings that surround St. Stephens Church. More than 90% of the apartment units will be affordable for families earning no more than 60% of the Area Median Income, which is \$52,200 for a family of four. Twenty-six of the units will be set aside for households at or below 50% of the Area Median Income, which is \$43,500 for a four-member family.

The renovation plans include replacement of the HVAC system, new carpeting, laundry rooms in each building and a new landscaping plan. Four units will receive modifications to make them handicapped accessible. Other improvements to the apartment complex include a new playground, security system and computer-learning center. The renovation process is expected to last six months, and tenants will not have to be relocated.

"The role of government is to facilitate development, to remove barriers and work with the private sector to meet the Administration's public policy objectives. As I see it, this is what the D.C. Housing Finance Agency does: works with developers to build quality, affordable housing across our city. Since Mayor Williams took office, we've helped finance more than 12,000 units of affordable housing across our city—a total of \$1.1 billion in development. In FY 2003, we financed more than 2,700 units alone—that's more than \$280 million in development. This work wouldn't get done without the Housing Finance Agency. Together, we're revitalizing the District's neighborhoods and building the amenities that our residents need and deserve."

Eric Price
Deputy Mayor for Planning and Economic Development





Credit Counseling

Individuals interested in purchasing a home often find the agency's free homeownership workshops so helpful that they revisit the Home Resource Center to obtain personalized counseling. Housing counselors can provide free credit, budget, homeownership and foreclosure counseling to residents. Willie Mae and Jimmy McCormick are homeowners who came to the Home Resource Center to receive counseling to help them refinance their home.

For more than 20 years, they have enjoyed living in their northeast Washington home and watching the positive changes in the city. After working with a housing counselor, the McCormicks were able to formulate a budget, pay down their debts, refinance their home and reduce their mortgage interest rate by almost four points, which resulted in a savings of over \$700 per month.

In FY 03, the Home Resource Center staff's goal to bring the homeownership message directly into Washington's communities was successful, especially East of the River. Now, residents no longer need to travel across the city to attend one of the HFA's free homeownership workshops. The agency partnered with local nonprofit organizations to open a satellite Home Resource Center office in the Bellevue Homebuyers, Housing Counseling Resource Center and Computer Learning Lab in southwest. The HFA provides one-on-one homeownership counseling sessions and monthly homebuyer seminars on site.

"It is our partners that allow us to add value to the renter and homeowner's decision to live in Washington."

Milton J. Bailey
Executive Director, D.C. Housing Finance Agency





Bowling Green Apartments

The redevelopment of Bowling Green Apartments is another example of the remarkable growth of attractive and affordable homes in Ward 8. The apartment complex was abandoned for more than a decade, until the HFA partnered with local developers to demolish the vacant and uninhabitable buildings. The HFA's \$10.7 million in tax-exempt bonds will help construct 126 affordable rental housing units on the site in Congress Heights. The units will be affordable to residents earning below 60% of the Area Median Income, which is \$52,200 for a family of four.

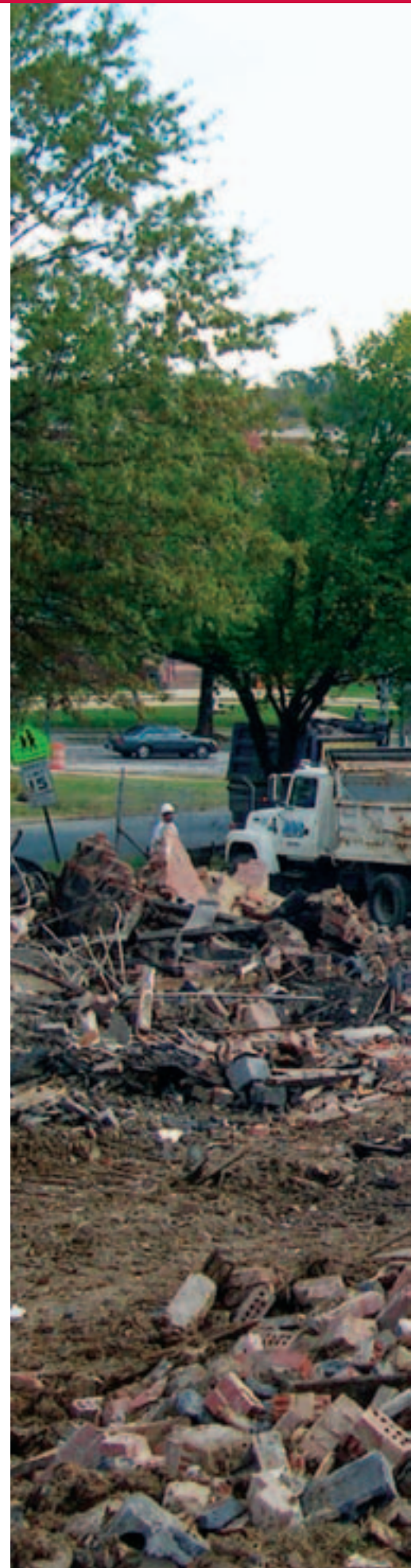
The \$17 million redevelopment effort will help change the skyline East of the River. The new apartment buildings will resemble townhouses, and the housing units will have separate entrances and balconies. The redeveloped site will include a playground, community center, computer lab and off-street parking. Construction is slated for completion in December 2004.

In FY 03, the HFA invested \$74 million in tax-exempt bonds and \$990,000 in McKinney Act Savings Fund loans to help produce affordable housing East of the River. Since 1999, the HFA, the Department of Housing and Community Development and the D.C. Housing Authority invested more than \$650 million to produce affordable housing East of the River, which includes other Ward 8 new construction developments such as Henson Ridge, Oxon Creek and Wheeler Creek.

"The D.C. Housing Finance Agency has been one of Fannie Mae's greatest partners. Their team shares our commitment to affordable housing and homeownership. We have partnered in every part of the city and have invested over \$240 million in the neighborhoods of the District. These investments have helped to preserve existing affordable housing, create new homeownership opportunities and transform the communities of the District of Columbia."

Charles Jones

Chief Program Officer, Fannie Mae's Washington, DC Partnership Office





Henson Ridge Homebuyers Club

The HFA was selected to provide comprehensive housing counseling to the Henson Ridge Homebuyers Club. Members are counseled in all areas of homeownership, including managing their credit, budgeting and obtaining a mortgage loan. Many members are former public housing tenants who are being prepared to purchase homes in Henson Ridge, formerly the 57-acre Frederick Douglass Stanton Gardens public housing site that was leveled and redeveloped to create 600 rental and for-sale housing units.

Potential homebuyers who learn the processes and are ready to apply for a mortgage loan are forwarded to a mortgage lender. Grover L. Tyler Jr. was one of the first to be referred for a mortgage loan. He lived in Frederick Douglass Stanton Gardens for more than 10 years, and he believes returning as a homeowner will give him the opportunity to be more involved in the community.

"I never thought I'd be able to buy with my salary. I never thought I was qualified, but Henson Ridge is making my dreams come true," Mr. Tyler said. "It's showing that everyone can afford to buy, if you go to the right place and do what you have to do."

"DCHA's strong relationship with HFA has had the positive result of improving the availability of affordable housing here in the District of Columbia. The HFA plays a significant role in almost all of DCHA's major housing redevelopment efforts; they are a vital resource. Milton Bailey has been a true partner during my tenure at DCHA and I value the solid professionalism of his team. I look forward to future successful collaborations with this fine agency."

Michael Kelly

Executive Director, D.C. Housing Authority





Elsinore Courtyard

The HFA provided \$6 million in tax-exempt bond financing for the acquisition and rehabilitation of Elsinore Courtyard, which is a 40-year-old apartment complex located in Ward 7. Elsinore Courtyard consists of 13 three-story, garden-style buildings located in Marshall Heights. The HFA partnered with Elsinore Courtyard Limited Partnership to upgrade the 152-unit apartment complex and retain 100% of the units for families earning less than 50% of the Area Median Income, which is \$43,500 for a family of four.

Substantial renovations are planned for the interior and exterior of each building, including replacing windows, kitchen appliances, roofs and floors; installing controlled-access gates, fencing, intercom systems and glass entry doors with key pads; and upgrading laundry facilities and maintenance rooms. The total development costs for the acquisition and renovation are \$11.2 million.

Remarkable growth has occurred in Ward 7 over the last few years, and the HFA has partnered with local developers to help make Mayor Anthony A. Williams' vision to upgrade and increase the affordable housing stock East of the River a reality. Since 1999, the HFA issued \$62.8 million in tax-exempt bonds to produce 1,683 affordable housing units in Ward 7.

"I have worked throughout the year to create the legislative and regulatory conditions that allow the HFA to provide financing to residents seeking homeownership assistance and to developers producing rental housing in the city. Despite the overheated real estate market, the HFA has funded a record number of multifamily housing developments this past year. The HFA's activities enhance the city and benefit all of its residents and neighborhoods, and I am pleased to support their efforts. I believe it is incumbent upon the Council and the Mayor to spur affordable housing for individuals and families at all low- and moderate-income levels throughout the city. With the HFA as a partner, we have been able to make great strides in doing that. I look forward to supporting, and being a part of, the HFA's continued successes in the future."

Councilmember Harold Brazil

Chair, Committee on Economic Development





NOW LEASING

ELSIMORE COURTYARD
APARTMENTS
1, 2 & 3
BEDROOM
202-581-3687

Wingate Towers & Garden Apartments

Wingate Towers & Garden Apartments is affectionately called “The Big One” by many in Washington’s affordable housing industry, and it is one of the most significant housing developments financed by the HFA. It received the largest amount of tax-exempt bond financing in the HFA’s 25-year history, has the largest number of financed housing units and is the first HFA bond-financed development to have an African-American owned company, KREG, LLC, as a member of the general partnership. The HFA awarded its 3rd Annual Affordable Housing Development Award of Excellence to Wingate Development of DC LP for its rehabilitation of the housing complex.

The agency provided \$45 million in tax-exempt bond financing for the acquisition and the rehabilitation of Wingate Towers & Garden Apartments, which is located in Ward 8. The 21.6-acre site includes five commercial units, one ten-story high-rise building and seven garden-style apartments. The 717 renovated units will be affordable to those earning less than 60% of the Area Median Income, which is \$52,200 for a family of four. Units will have amenities such as balconies, patios, dishwashers and window treatments.

The development’s amenities will include laundry facilities, two leasing offices, two swimming pools, playgrounds, tot-lots, maintenance facilities and 700 parking spaces. In addition, social and recreational services will be provided to residents through a proposed on-site childcare center, after-school center, senior services program center, on-site medical clinic, convenience store, beauty salon, barber shop, exercise room, library, community room and business center.

“Now, more than ever, the District of Columbia is facing greater challenges in providing new and affordable housing opportunities to residents. That is why I am so very proud of the strong and creative partnership between DHCD and the HFA. Throughout the District there are many examples of our collaborative efforts to finance, construct and renovate quality affordable housing. I have great faith in the HFA’s ability to continue collaborating with DHCD, other agencies and our private sector housing partners to build an even stronger bond throughout the housing industry that will lead to more affordable housing for the District’s low- and moderate-income citizens.”

Stanley Jackson

Director, Department of Housing and Community Development





District of Columbia
**HOUSING
FINANCE
AGENCY**

Fairmont I & II Apartments

The economic rebirth of Columbia Heights has increased some rents and property taxes, and some low-income residents have struggled to afford their homes. However, the tenants of Fairmont I & II Apartments decided to take matters into their own hands and formed a joint venture with a local developer to save their homes. Both groups worked with the HFA to renovate the apartments and keep them affordable.

Built in 1920, the apartments were showing signs of disrepair. With the assistance of \$16.1 million in tax-exempt bond financing and \$8.4 million in 4% Low-Income Housing Tax Credits, the developers acquired and began to rehabilitate the 218 units. The \$32.2 million renovation plans include extensive interior and exterior renovations to the apartments, including reducing the number of units to incorporate much-needed larger apartments for families.

Even with the escalating costs of for-sale and rental housing in Columbia Heights, the HFA and its partners were able to renew the expiring Section 8 housing contract on the two five-story buildings and ensure the rental housing units will remain affordable over the next 20 years. The redevelopment of Fairmont I & II Apartments, Columbia Heights Village, Faircliff Plaza East, and Trinity Towers are a part of the HFA's \$62 million effort to preserve more than 750 Section 8 housing units along 14th Street, NW.

"This past year has been an exciting time for the development of low- and moderate-income housing in the city, and I am proud of the Council's efforts to ensure community and economic development. The Council will continue to support legislation and funding to improve access to and the availability of housing to low- and moderate-income residents. I look forward to working with and supporting the HFA's housing efforts in the future."

Linda Cropp

Chair, Council of the District of Columbia





CSF
FAIRMONT APARTMENTS
Residential & Office Properties of
CSF America, Inc. and
Fairmont I & II Trusts
Administration
1400 Fairmont St.
Fairmont, MD 21033
www.fairmontapartments.com
L.A. Curran, S. France, Inc.

14th St
2600

FAIRMONT ST
1400

ONE WAY
←

STAFF



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Jacqueline Walker

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Michael Winter

Kayode Adetayo

Connell Young



Theresa Lewis

Joseph Bowlding

Dexter Sumner

Tonya Banks

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Gwen Adams

Tia Matthews

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Thomas Redmond

Nelly Jordan



Haiyun Ratliff

Lillian Johnson

Tanya Winters

Reuben Aboyewa

Jackie Langeluttig

Solomon Haile

Valencia Anderson

Francise Dyson

Reginald Butler

Jacqueline Reid



Alvitra Drake

Seyoum Gizaw

Sonya Roberts

Don Thompson

Kamilah Parker

Patricia Godwin

Mark Hall

Abiy Tamrat

Joey Tatlonghari

Lewis Maiden IV

NOT PHOTOGRAPHED: William Ahiable, Gayle Belt-Brown, Troy Cropper, Toya Dover, Dawn Fergus, Thomas Holland, Aracely Melendez, Mary Patton and Anita Thomas

Combining Balance Sheet

| | General Fund | Single-Family Fund | Multifamily Fund | DC Building Corporation Fund | 2 0 0 3 | 2 0 0 2 |
|---|----------------------|-----------------------|-----------------------|------------------------------|-------------------------|-------------------------|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 14,676,533 | \$ — | \$ — | \$ — | \$ 14,676,533 | \$ 12,800,633 |
| Restricted cash and cash equivalents | 9,774,556 | — | — | — | 9,774,556 | 8,390,020 |
| Other receivables | 561,978 | — | — | — | 561,978 | 618,101 |
| Mortgage and construction loans receivable | — | — | — | — | — | 253,186 |
| Total current assets | <u>25,013,067</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>25,013,067</u> | <u>22,061,940</u> |
| NON-CURRENT ASSETS | | | | | | |
| Other assets: | | | | | | |
| Investments | 6,457,913 | — | — | — | 6,457,913 | 4,998,402 |
| Loans receivable | 13,384 | — | 140,000 | — | 153,384 | 158,166 |
| Prepays | 243,514 | — | — | 30,026 | 273,540 | 184,828 |
| Due from (to) Other funds | 2,713,809 | (2,684,066) | (25,546) | (4,197) | — | — |
| Bond issue costs—net | — | 2,612,125 | 13,383,493 | 100,374 | 16,095,992 | 15,699,661 |
| Total other assets | <u>9,428,620</u> | <u>(71,941)</u> | <u>13,497,947</u> | <u>126,203</u> | <u>22,980,829</u> | <u>21,041,057</u> |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | — | 6,552 | 463,998 | — | 470,550 | 248,803 |
| Investments held in trust | — | 241,116,772 | 112,774,519 | 244,623 | 354,135,914 | 337,639,242 |
| Mortgage backed securities at fair value | — | 170,663,914 | 94,406,256 | — | 265,070,170 | 318,265,432 |
| Mortgage and construction loans receivable | — | 4,835,259 | 406,750,781 | — | 411,586,040 | 331,424,966 |
| Rehab financed by tax credits | — | — | 17,736,748 | — | 17,736,748 | 8,703,871 |
| Loans receivable | — | — | 1,585,923 | — | 1,585,923 | 1,493,400 |
| McKinney Act Funds receivable | 1 | ,786,181 | — | — | 1,786,181 | 1,694,380 |
| Other receivables | — | 206,680 | — | 67,143 | 5,432,690 | 8,591,532 |
| Accrued interest receivable | — | — | 1,608,466 | 2,325,630 | — | 3,934,096 |
| Total restricted assets | <u>1,992,861</u> | <u>418,230,963</u> | <u>641,202,722</u> | <u>311,766</u> | <u>1,061,738,312</u> | <u>1,012,644,475</u> |
| Capital assets: | | | | | | |
| Land | — | — | — | 573,000 | 573,000 | 573,000 |
| Depreciable property and equipment | 1,510,946 | — | — | 1,795,238 | 3,306,184 | 3,199,605 |
| Leasehold Improvements | 1 | ,024,669 | — | — | 1,024,669 | 981,379 |
| Less accumulated depreciation and amortization | <u>(1,569,916)</u> | <u>—</u> | <u>—</u> | <u>(345,378)</u> | <u>(1,915,294)</u> | <u>(1,659,766)</u> |
| Total capital assets | <u>965,699</u> | <u>—</u> | <u>—</u> | <u>2,022,860</u> | <u>2,988,559</u> | <u>3,094,218</u> |
| Total non-current assets | <u>12,387,180</u> | <u>418,159,022</u> | <u>654,700,669</u> | <u>2,460,829</u> | <u>1,087,707,700</u> | <u>1,036,779,750</u> |
| TOTAL ASSETS | \$ 37,400,247 | \$ 418,159,022 | \$ 654,700,669 | \$ 2,460,829 | \$ 1,112,720,767 | \$ 1,058,841,690 |
| LIABILITIES AND NET ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ 916,306 | \$ 16,426 | \$ 740,426 | \$ 208,278 | \$ 1,881,436 | \$ 1,550,630 |
| Accrued salary and vacation payable | 211,647 | — | — | — | 211,647 | 175,511 |
| Deferred revenue | 714,837 | — | — | — | 714,837 | 580,822 |
| Current portion of bonds payable | — | 2,315,000 | 9,395,000 | — | 11,710,000 | 14,405,000 |
| Current portion of Certificates of Participation | — | — | — | 100,000 | 100,000 | 100,000 |
| Total current liabilities | <u>,842,790</u> | <u>2,331,426</u> | <u>10,135,426</u> | <u>308,278</u> | <u>14,617,920</u> | <u>16,811,963</u> |
| CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS | | | | | | |
| Tenant subsidy funds | 1,488,048 | — | — | — | 1,488,048 | 856,901 |
| Escrow deposits | 1,415,055 | — | — | — | 1,415,055 | 1,359,034 |
| Deferred credits | — | 6,150,000 | 55,338,703 | — | 61,488,703 | 44,808,969 |
| Deferred revenue | 364,546 | 881,936 | 560,995 | 104,742 | 1,912,219 | 2,140,906 |
| Interest payable | — | 4,212,635 | 6,331,560 | 33,939 | 10,578,134 | 10,977,372 |
| Total current liabilities payable from restricted assets | <u>3,267,649</u> | <u>11,244,571</u> | <u>62,231,258</u> | <u>138,681</u> | <u>76,882,159</u> | <u>60,143,182</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Deferred revenue—less current portion | — | — | — | — | — | 364,537 |
| Loans payable | — | 250,000 | 30,239,438 | — | 30,489,438 | 11,012,742 |
| Bonds payable—less current portion | — | 391,256,197 | 517,406,894 | — | 908,663,091 | 892,894,305 |
| Certificates of Participation—less current portion | — | — | — | 1,855,000 | 1,855,000 | 1,955,000 |
| Total non-current liabilities | <u>—</u> | <u>391,506,197</u> | <u>547,646,332</u> | <u>1,855,000</u> | <u>941,007,529</u> | <u>906,226,584</u> |
| Total liabilities | <u>,110,439</u> | <u>405,082,194</u> | <u>620,013,016</u> | <u>2,301,959</u> | <u>1,032,507,608</u> | <u>983,181,729</u> |
| NET ASSETS | | | | | | |
| Invested in capital assets—net of related debt | 965,699 | — | — | 34,350 | 1,000,049 | 1,023,293 |
| Restricted for: | | | | | | |
| Bond Fund and risk share | 1 | ,457,759 | 13,076,828 | 32,977 | 49,255,217 | 48,350,313 |
| McKinney Act Fund | 6,081,115 | — | — | — | 6,081,115 | 5,398,908 |
| Total restricted net assets | <u>7,538,874</u> | <u>13,076,828</u> | <u>34,687,653</u> | <u>32,977</u> | <u>55,336,332</u> | <u>53,749,221</u> |
| Unrestricted net assets | <u>23,785,235</u> | <u>—</u> | <u>—</u> | <u>91,543</u> | <u>23,876,778</u> | <u>20,887,447</u> |
| Total net assets | <u>32,289,808</u> | <u>13,076,828</u> | <u>34,687,653</u> | <u>158,870</u> | <u>80,213,159</u> | <u>75,659,961</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ 37,400,247 | \$ 418,159,022 | \$ 654,700,669 | \$ 2,460,829 | \$ 1,112,720,767 | \$ 1,058,841,690 |

Combining Statement of Revenue, Expenses and Changes in Net Assets

| | General Fund | Single-Family Fund | Multifamily Fund | DC Building Corporation Fund | 2 0 0 3 | 2 0 0 2 |
|---|---------------------|---------------------|----------------------|------------------------------|----------------------|----------------------|
| OPERATING REVENUES | | | | | | |
| Mortgage backed security income | \$ — | \$ 9,545,841 | \$ 4,526,682 | \$ — | \$ 14,072,523 | \$ 28,731,790 |
| Interest on mortgage and construction loans | 5,406 | 438,987 | 17,560,987 | — | 18,005,380 | 16,599,851 |
| McKinney Act revenue | 743,531 | — | — | — | 743,531 | 666,439 |
| Application and commitment fees | 175,442 | — | — | — | 175,442 | 101,486 |
| HUD Section 8 housing assistance receipts | 13,279,760 | — | — | — | 13,279,760 | 13,064,801 |
| Service project receipts | 6,369,578 | — | — | — | 6,369,578 | 6,235,820 |
| Other | 7,280,421 | 329,136 | 5,337,573 | 213,672 | 13,160,802 | 12,929,739 |
| Total operating revenues | <u>27,854,138</u> | <u>10,313,964</u> | <u>27,425,242</u> | <u>213,672</u> | <u>65,807,016</u> | <u>78,329,926</u> |
| OPERATING EXPENSES | | | | | | |
| Operations | 1,038,010 | 266,310 | 3,308,682 | — | 4,613,002 | 4,215,651 |
| Personnel and related costs | 3 353,370 | — | — | — | 3,353,370 | 3,236,576 |
| Interest expense | — | 18,386,112 | 18,507,726 | 105,051 | 36,998,889 | 39,707,911 |
| Depreciation and amortization | 189,038 | — | — | 66,490 | 255,528 | 237,037 |
| Federal program payments | 10,510,234 | — | — | — | 10,510,234 | 10,282,457 |
| Housing assistance payments | 9 139,104 | — | — | — | 9,139,104 | 9,018,164 |
| Bond amortization | — | 179,064 | 608,042 | 10,074 | 797,180 | 3,120,445 |
| Trustee fees and other expenses | 3,378 | 1,473,695 | 2,672,622 | 500 | 4,150,195 | 3,398,260 |
| Total operating expenses | <u>24,233,134</u> | <u>20,305,181</u> | <u>25,097,072</u> | <u>182,115</u> | <u>69,817,502</u> | <u>73,216,501</u> |
| OPERATING INCOME (LOSS) | <u>3,621,004</u> | <u>(9,991,217)</u> | <u>2,328,170</u> | <u>31,557</u> | <u>(4,010,486)</u> | <u>5,113,425</u> |
| NON-OPERATING REVENUES | | | | | | |
| Investment income | <u>360,593</u> | <u>6,492,166</u> | <u>2,169,114</u> | <u>1,111</u> | <u>9,022,984</u> | <u>11,209,949</u> |
| Excess of revenue over expenses | | | | | | |
| Before extraordinary item | 3 981,597 | (3,499,051) | 4,497,284 | 32,668 | 5,012,498 | 16,323,374 |
| Extraordinary item — Loss on extinguishment of debt | — | — | (459,300) | — | (459,300) | (67,961) |
| Change in net assets | 3,981,597 | (3,499,051) | 4,037,984 | 32,668 | 4,553,198 | 16,255,413 |
| Net assets, beginning of year | <u>28,308,211</u> | <u>16,575,879</u> | <u>30,649,669</u> | <u>126,202</u> | <u>75,659,961</u> | <u>59,404,548</u> |
| Net assets, end of year | <u>\$32,289,808</u> | <u>\$13,076,828</u> | <u>\$ 34,687,653</u> | <u>\$ 158,870</u> | <u>\$ 80,213,159</u> | <u>\$ 75,659,961</u> |

Combining Statement of Cash Flows

| | General Fund | Single-Family Fund | Multifamily Fund | DC Building Corporation Fund | 2 0 0 3 | 2 0 0 2 |
|--|---------------------|----------------------|----------------------|------------------------------|----------------------|----------------------|
| Operating Activities | | | | | | |
| Cash receipts from customers | | | | | | |
| Cash receipts from (purchase to) loans and interest | \$ 257,968 | \$ 13,275,722 | \$ 21,778,879 | \$ — | \$ 35,312,569 | \$ 38,093,061 |
| Other cash receipts | 7,862,153 | — | 5,252,655 | 201,604 | 13,316,412 | 13,030,019 |
| Cash payments to vendors | (909,615) | — | — | — | (909,615) | (2,195,826) |
| Cash payments to employees | (3,317,234) | — | — | — | (3,317,234) | (3,212,838) |
| Receipts of federal program income | 20,280,486 | — | — | — | 20,280,486 | 18,807,835 |
| Payments of federal program expenses | (19,644,281) | — | — | — | (19,644,281) | (19,301,318) |
| Other cash payments | (96,246) | (1,760,797) | (5,735,473) | (1,360) | (7,593,876) | (6,448,859) |
| Net cash provided | 4,433,231 | 11,514,925 | 21,296,061 | 200,244 | 37,444,461 | 38,772,074 |
| Capital and Related Financing Activities | | | | | | |
| Acquisition of fixed assets | (149,869) | — | — | — | (149,869) | (289,233) |
| Proceeds from long term bonds | — | — | — | — | — | — |
| Payments of long term debt | — | — | — | (100,000) | (100,000) | (95,000) |
| Payments of interest and charges | — | — | — | (106,668) | (106,668) | (111,275) |
| Net cash used | (149,869) | — | — | (206,668) | (356,537) | (495,508) |
| Non-Capital Financing | | | | | | |
| Proceeds in rehab financed by tax credits | — | — | (5,967,374) | — | (5,967,374) | (32,420,016) |
| Proceeds from long term bonds | — | 281,959,412 | 126,625,588 | — | 408,585,000 | 228,774,479 |
| Payments of long term debt | — | (371,605,264) | (23,791,731) | — | (395,396,995) | (184,008,367) |
| Payments of interest and charges | — | (20,016,465) | (2,149,230) | 6,838 | (22,158,857) | (41,416,432) |
| Proceeds of Notes/loans payable | — | 13,230 | 19,476,696 | — | 19,489,926 | 7,335,295 |
| Net cash provided (used) | — | (109,649,087) | 114,193,949 | 6,838 | 4,551,700 | (21,735,041) |
| Investing Activities | | | | | | |
| Receipts of interest and dividends | 360,601 | 6,663,544 | 2,167,264 | 1,111 | 9,192,520 | 13,161,104 |
| Principal payments (purchase) on mortgage and construction loans | — | — | (81,493,191) | — | (81,493,191) | (18,948,882) |
| Sale of investments and mortgage backed securities | 15,037,651 | 660,138,226 | 209,004,861 | 208,188 | 884,388,926 | 497,719,775 |
| Purchase of investments and mortgage backed securities | (16,421,178) | (568,668,574) | (264,946,231) | (209,713) | (850,245,696) | (507,572,594) |
| Net cash provided (used) | (1,022,926) | 98,133,196 | (135,267,297) | (414) | (38,157,441) | (15,640,597) |
| INCREASE (DECREASE) IN CASH | 3,260,436 | (966) | 222,713 | — | 3,482,183 | 900,928 |
| Cash at October 1 | 21,190,653 | 7,518 | 241,285 | — | 21,439,456 | 20,538,528 |
| Cash at September 30 | \$ 24,451,089 | \$ 6,552 | \$ 463,998 | \$ — | \$ 24,921,639 | \$ 21,439,456 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating | | | | | | |
| Operating income (loss) | 3,621,004 | (9,991,217) | 2,328,170 | 31,557 | (4,010,486) | 5,113,425 |
| Extraordinary gain (loss) | — | — | 5,873 | — | 5,873 | (67,961) |
| Interest expense | — | 18,386,112 | 18,507,726 | 105,051 | 36,998,889 | 39,707,911 |
| Depreciation | 189,038 | — | — | 66,490 | 255,528 | 237,037 |
| Miscellaneous nonoperating revenue | — | 442,652 | (76,712) | — | 365,940 | 448,165 |
| Decrease (increase) in assets: | | | | | | |
| Receivables | (111,764) | — | — | — | (111,764) | 579,656 |
| Other current assets | (34,373) | — | — | 3,525 | (30,848) | 46,381 |
| Loans receivable | — | — | — | — | — | (81,647) |
| Increase (decrease) in liabilities: | | | | | | |
| Payables | 74,606 | (19,687) | 245,831 | 1 | 300,751 | (1,226,751) |
| Accrued liabilities | 36,136 | — | — | — | 36,136 | 23,738 |
| Deferred revenue and credits | (230,530) | (151,148) | 517,253 | (7,491) | 128,084 | 2,153,399 |
| Other current liabilities and changes in changes in mortgage loans | 889,114 | 2,848,213 | (232,080) | 1,111 | 3,506,358 | (8,161,279) |
| Net cash provided | \$ 4,433,231 | \$ 11,514,925 | \$ 21,296,061 | \$ 200,244 | \$ 37,444,461 | \$ 38,772,074 |

Independent Auditor's Report

Board of Directors
District of Columbia Housing Finance Agency

We have audited the accompanying basic financial statements of the District of Columbia Housing Finance Agency ("the Agency"), a component unit of the District of Columbia Government, as of and for the years ended September 30, 2003 and 2002. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards, issued by the Comptroller General of the United States; and the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2003 and 2002, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining financial statements on pages 44 through 47 are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated December 31, 2003, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Thompson, Cobb, Benjilic & Associates, P.C.
Washington, D.C.
December 31, 2003



District of Columbia Housing Finance Agency

815 Florida Avenue, NW

Washington, D.C. 20001

(202) 777-1600 | www.dchfa.org