District of Columbia Housing Finance Agency

Making Urban Living Affordable

annual report 2008

BOARD OF DIRECTORS

Michael L. Wheet, *Chair*

Robert Clayton Cooper, *Vice Chair*

Buwa Binitie, *Member*

Jacque D. Patterson, *Member*

DEDICATION

The District of Columbia Housing Finance Agency report for the fiscal year ending September 30, 2008 is respectfully submitted to:

The Honorable Adrian M. Fenty
Mayor, District of Columbia

The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

The Honorable Marion Barry
Chair, Committee on Housing and Urban Affairs

The Honorable Carol Schwartz
At-Large
The Honorable David A. Catania
At-Large
The Honorable Phil Mendelson
At-Large
The Honorable Kwame R. Brown
At-Large
The Honorable Jim Graham
Councilmember, Ward 1
The Honorable Jack Evans
Councilmember, Ward 2
The Honorable Mary M. Cheh
Councilmember, Ward 3
The Honorable Muriel Bowser
Councilmember, Ward 4
The Honorable Harry Thomas, Jr.
Councilmember, Ward 5
The Honorable Tommy Wells
Councilmember, Ward 6
The Honorable Yvette Alexander
Councilmember, Ward 7
The Honorable Marion Barry
Councilmember, Ward 8

A Message from the Chairman

Dear Partners,

The turmoil of the past year has brought about many challenges. Through them all, it continues to be my honor to lead this dynamic and effective Board of Directors. In spite of the financial upheaval we have witnessed, the District of Columbia Housing Finance Agency continues to provide the lowest cost capital to crucial affordable housing developments across the District.

On behalf of the Board of Directors, let me state emphatically that we are proud of the Agency's Executive Director and his staff for a job well done in fiscal year 2008. The issuance of almost $90 million in tax exempt bonds coupled with the allocation of $6 million in 4 percent Low Income Housing Tax Credits (LIHTC) to produce or preserve over 900 units of housing is a great accomplishment during this period of economic uncertainty. Additionally, the origination of 248, 30 year, fixed rate mortgages for homebuyers to achieve the American Dream is to be congratulated.

While the Agency's year over year numbers are slightly lower than 2007, we are honored to be part of the affordable housing successes and growth in the District. The Agency will continue to work with its housing partners to adapt to the ever changing financial climate and to provide housing at reasonable cost for the District's residents.

As we look forward, we cannot ignore the realities of today's economy. And today, more than ever, the Board is committed to supporting the Agency's mission to finance the production, preservation and creation of affordable housing opportunities for the District.

Sincerely,

Michael L. Wheet

Chairman

A Message from the Executive Director

Greetings!

I am pleased to present this 2008 Annual Report of the District of Columbia Housing Finance Agency (DCHFA). Needless to say, the past year has been one of the most volatile we have seen in decades. But as Winston Churchill has said during times such as this, “with every challenge, there comes an opportunity”.

Similar to the rest of the country, the District is facing extraordinary challenges. Housing starts have slowed, unemployment is on the rise, the number of foreclosures increases daily and the demand for affordable rental housing is increasing. In an effort to address these needs, the Agency continues to advocate for and finance the creation, rehabilitation and preservation of affordable housing using the lowest cost capital available.

President-elect Barack Obama indicated that he intends to create an Office of Urban Policy. This new entity, coupled with recent events such as the creation of the Federal Housing Finance Agency (FHFA) that now governs Fannie Mae and Freddie Mac and the creation of the Troubled Assets Recovery Program (TARP), make the idea of business as usual a thing of the past.

As we enter 2009, we will continue to work with our industry partners to educate ourselves about the ever changing landscape of affordable housing finance. And with a strong Board of Directors and a skilled management team, I am confident that we will come through this challenging time. We will maintain our fiscal prudence, financial strength and innovation as we traverse the rugged terrain ahead.

We firmly believe that by continuing to leverage our partnerships, being good stewards of our limited resources and promoting human development along with housing development, we will accomplish our goal of ... Making urban living affordable.

We thank all of our housing partners for their support and we look forward to even stronger relationships in the coming year.

Sincerely,

Harry D. Sewell

Executive Director

EXECUTIVE LEADERSHIP TEAM

Harry D. Sewell
Executive Director

Fran D. Makle
Deputy Executive Director

Allison Ladd
Associate Executive Director

Anthony L. Waddell
Director, Public Finance

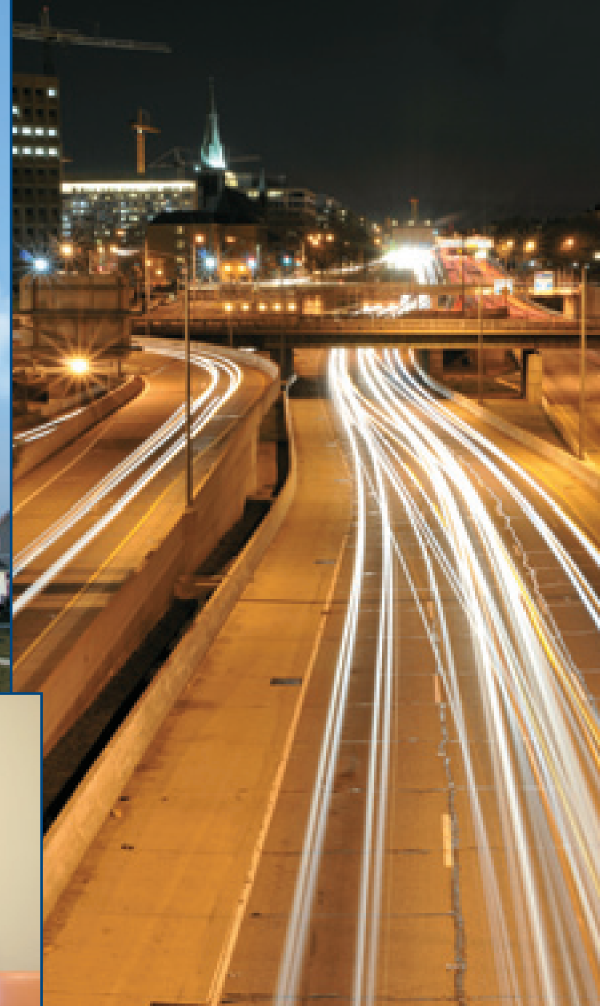
Gwen N. Adams
Director, Home Resource Center

David L. Jefferson
Director, Compliance & Asset Management

Harry T. Alexander Jr.
General Counsel

Solomon Haile*
Chief Financial Officer

*former employee



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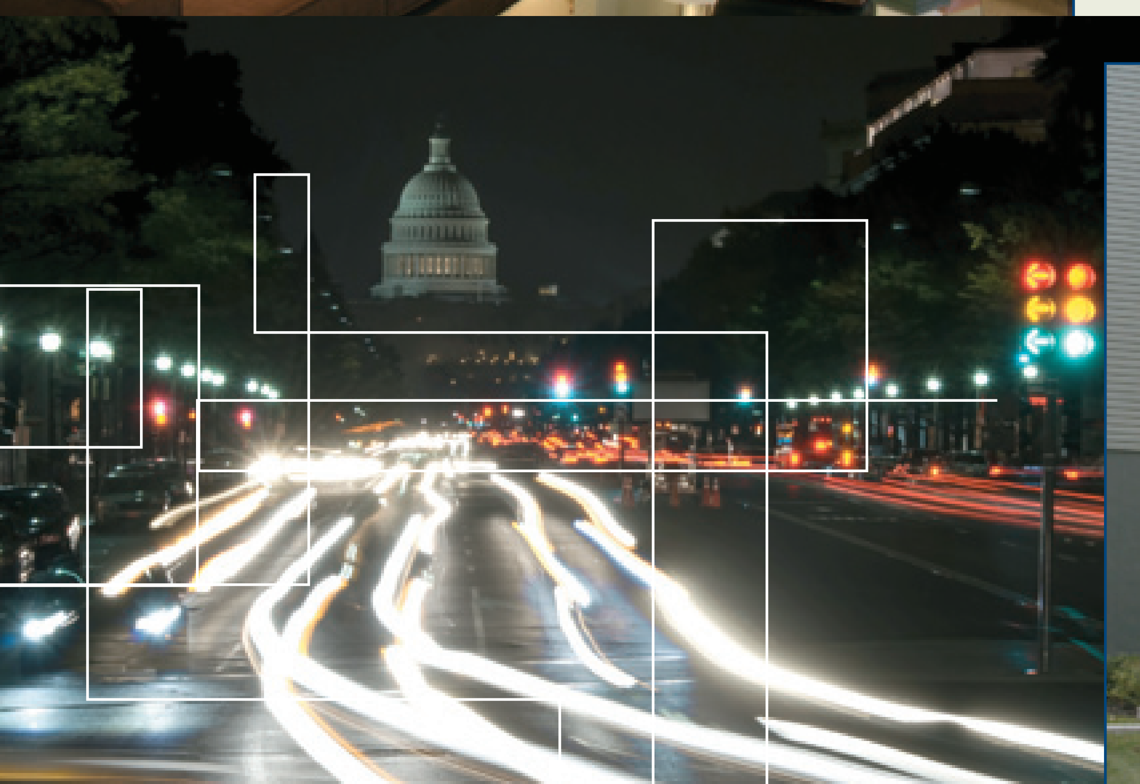
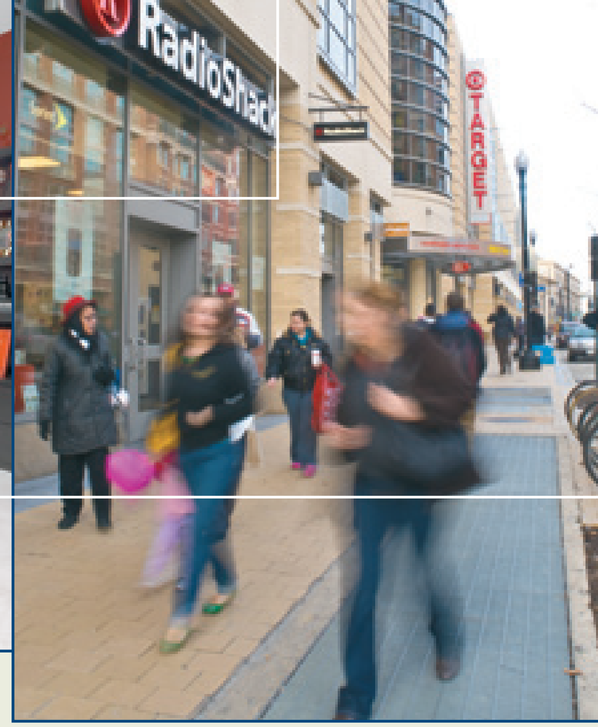




Urban Life,

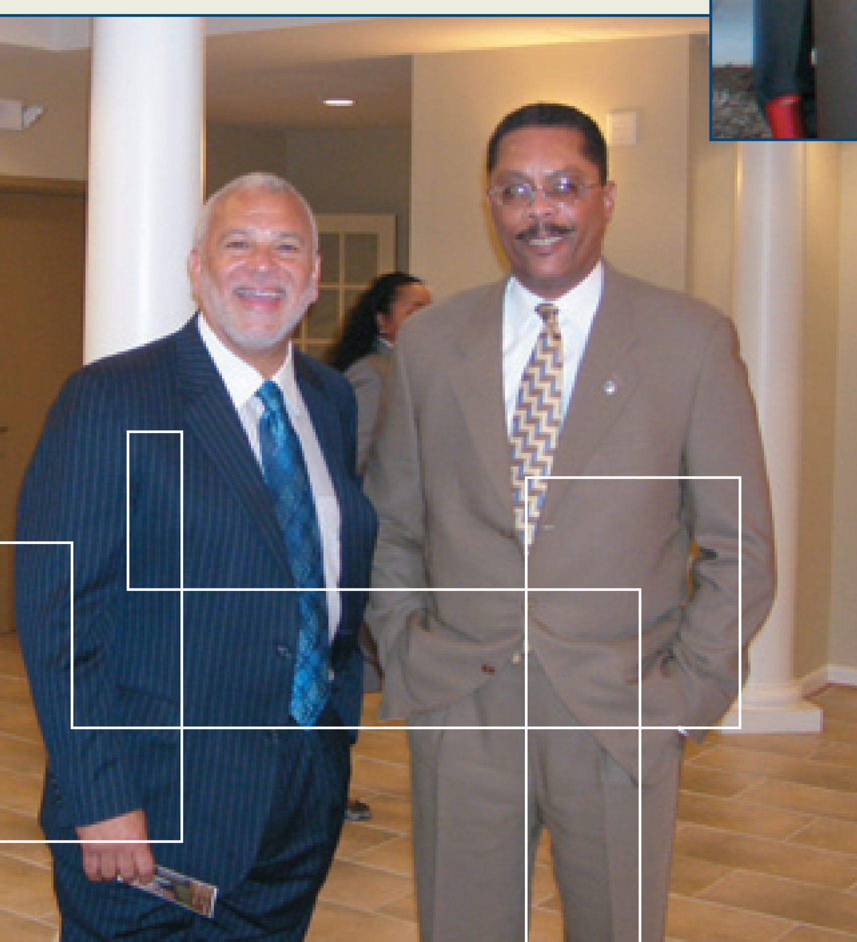
Vibrant Communities,

rdable Housing

Leveraging Resources through Partnerships

Right: Financing Partners, Harry D. Sewell, DC Housing Finance Agency (DCHFA) Executive Director, Mary Ann Henderson, U.S. Dept. of Housing and Urban Development and Leila Finucane Edmonds, DC Dept. of Housing and Community Development (DHCD) Director, gather with the Developers' group to cut the ribbon on the Wesley House Senior Apartments.

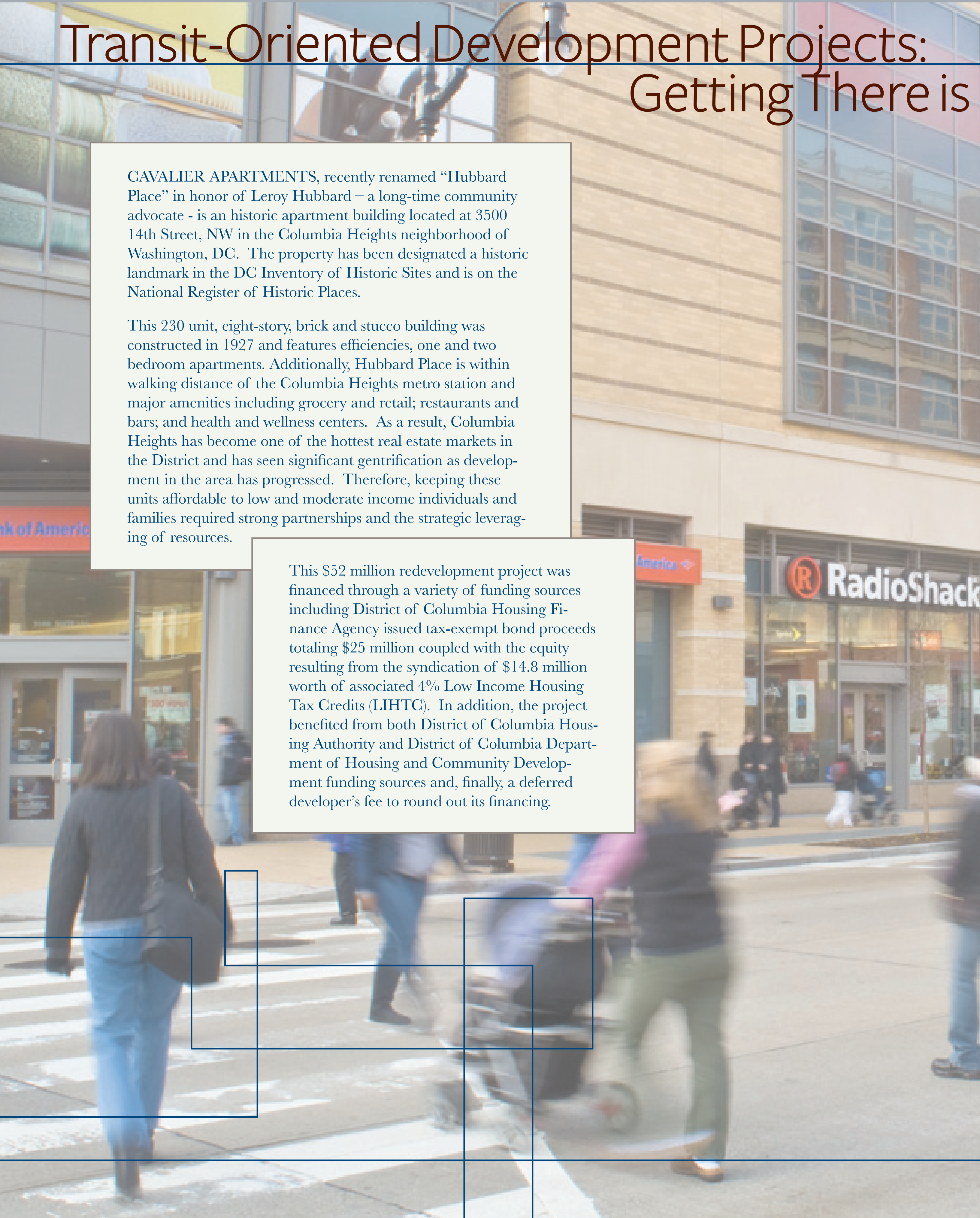
Below: At the Carver 2000 Seniors Mansion Dedication Ceremony, Harry D. Sewell, DCHFA Executive Director and Michael P. Kelly, DC Housing Authority (DCHA) Executive Director celebrate their partnership in financing the project.



Above: A rendering of Parkside Terrace, a 318 unit affordable housing project under construction in Ward 8 of the District of Columbia.

Below: The group photo at the Parkside Terrace Wall-Breaking Ceremony clearly reflects the leveraging of partnerships. Featured in the photo from left to right are: J. Michael Pitchford, President/CEO, Community Preservation and Development Corporation; Harry D. Sewell, Executive Director, DCHFA; Michael P. Kelly, Executive Director, DCHA; The Honorable Adrian M. Fenty, Mayor, District of Columbia; The Honorable Marion Barry, District of Columbia City Councilmember, Ward 8; H.R. Crawford, President, Crawford Edgewood Managers, Inc.; Edmund K. Delaney, Vice President and Regional Manager, Union Bank of California; Leila Finucane Edmonds, Director, DC DHCD; and The Honorable Vincent C. Gray, Chairman, District of Columbia City Council.

Transit-Oriented Development Projects: Getting There is



CAVALIER APARTMENTS, recently renamed "Hubbard Place" in honor of Leroy Hubbard – a long-time community advocate - is an historic apartment building located at 3500 14th Street, NW in the Columbia Heights neighborhood of Washington, DC. The property has been designated a historic landmark in the DC Inventory of Historic Sites and is on the National Register of Historic Places.

This 230 unit, eight-story, brick and stucco building was constructed in 1927 and features efficiencies, one and two bedroom apartments. Additionally, Hubbard Place is within walking distance of the Columbia Heights metro station and major amenities including grocery and retail; restaurants and bars; and health and wellness centers. As a result, Columbia Heights has become one of the hottest real estate markets in the District and has seen significant gentrification as development in the area has progressed. Therefore, keeping these units affordable to low and moderate income individuals and families required strong partnerships and the strategic leveraging of resources.

This $52 million redevelopment project was financed through a variety of funding sources including District of Columbia Housing Finance Agency issued tax-exempt bond proceeds totaling $25 million coupled with the equity resulting from the syndication of $14.8 million worth of associated 4% Low Income Housing Tax Credits (LIHTC). In addition, the project benefited from both District of Columbia Housing Authority and District of Columbia Department of Housing and Community Development funding sources and, finally, a deferred developer's fee to round out its financing.

Half the Battle

WORKING CLOSELY with the 3500 14th Street NW Tenant Association, Somerset Development Company acquired the property in July 2007 to thoroughly renovate; preserve the historic aspects of the building; and preserve the affordability of these units, that otherwise would surely have been lost, to low-income residents in this rapidly gentrifying neighborhood. Equally important to preserving the units, Somerset Development Company also included an array of resident services to insure the development and maintenance of not just the building's physical capital but its human capital as well.

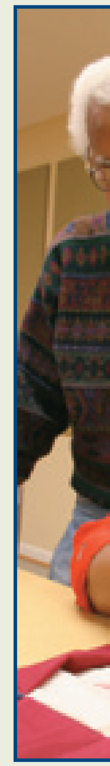
Services are now being programmed and implemented including after school and young adult programs; health and wellness programs; computer instruction and jobs skills training; and programs for adults and seniors. A partnership with the DC Department of Human Services provides direct services to individual families with special needs and other partnerships such as food sharing programs and conflict resolution skills. A home health aide provider will be located in the building and provide information and referrals as part of the health and wellness programs. Scheduled for completion in March 2009, the Hubbard Place redevelopment project accomplishes what many think impossible and that is the preservation of a significant number of affordable units in a hot real estate, transit-oriented development area.

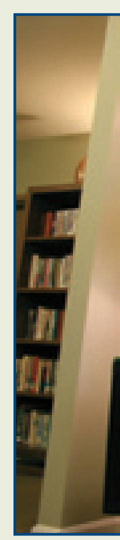
Maintaining Affordability in a Hot Market

Senior Housing Developments: Living Vital, Healthy Lives

"AND WE SHALL CARE FOR YOU in the evening of your years as you have cared for us at the dawning of our days" said Harry D. Sewell, Executive Director of the District of Columbia Housing Finance Agency, to open his remarks at the dedication ceremony of the Carver 2000 Senior Mansion development.

The Carver 2000 Senior Mansion is located within the very distinct neighborhood of Marshall Heights, an East of the River, Ward Seven community of Washington. Built on the site of the former George Washington Carver Apartments, this newly built 104- unit affordable rental project for people 55 years of age or older, is the culmination of years of determination by residents tired of ceding control to the criminal element that terrorized them in their previous homes.



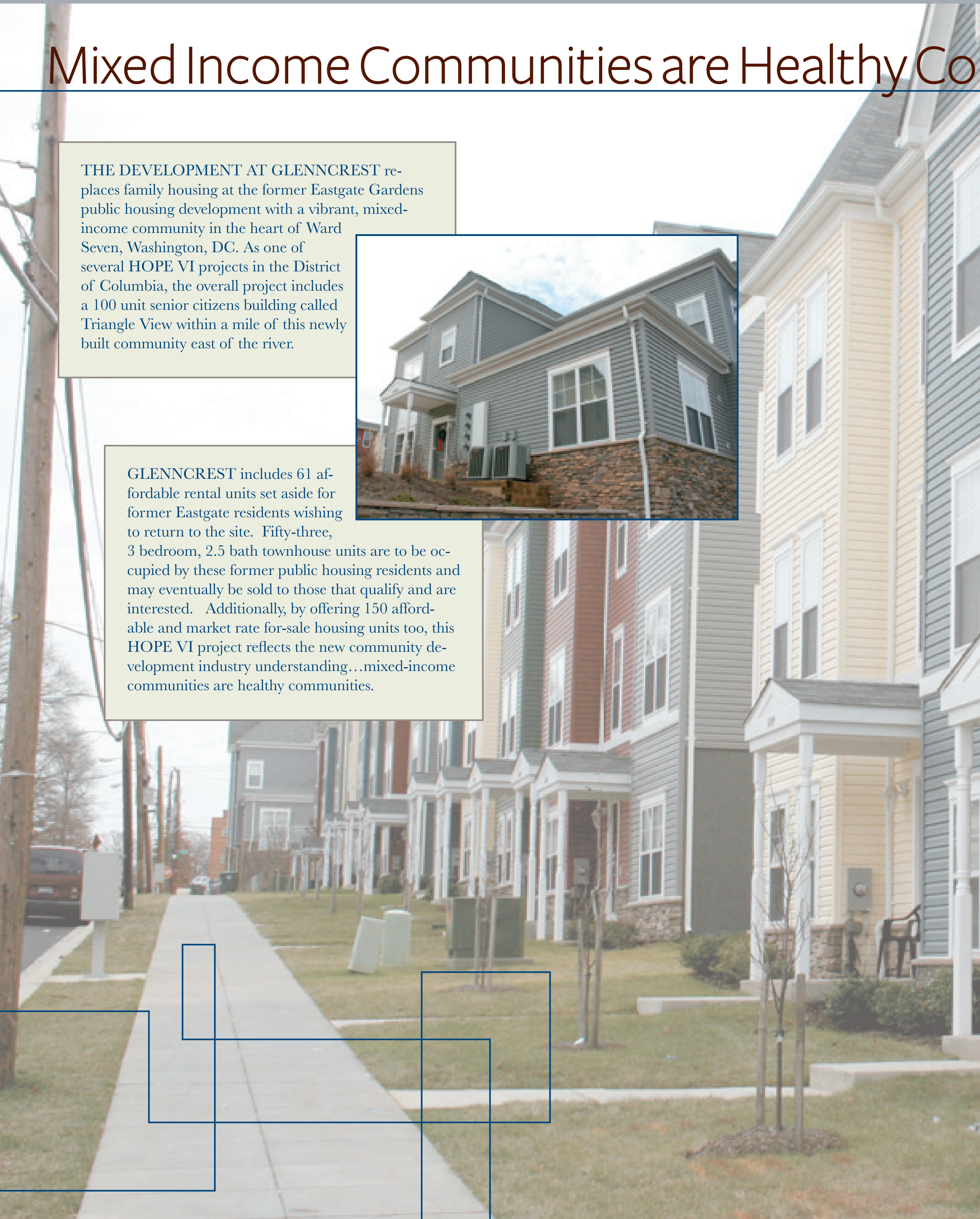


This beautiful facility was developed by The Bozzuto Group, a Greenbelt, MD based developer with 20 years experience in the region. As can be seen in the photos, Bozzuto built a Class A apartment building; from the gorgeous library to the well furnished arts and crafts room and the state-of-the-art fitness center.

THESE SENIORS MEAN BUSINESS.
As Lucille Robinson engages in the first project of their recently formed quilting club, the crafts instructor, 89 years young, Ira Blount looks on. He decided a quilted pillow would be a good first project for this young, energetic group of beginners. And in a more serene but mentally stimulating moment, Burdell Dandridge, relaxes with a little reading in the beautifully decorated library. Clearly, these vibrant senior citizens are living vital, healthy lives.

Katie Parker, Ira Blount, Lucille Robinson, Mary Hunter and Ed Winslow (left to right)

Mixed Income Communities are Healthy Co



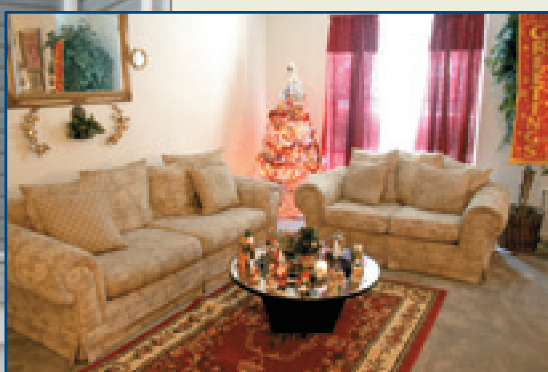
THE DEVELOPMENT AT GLENNCREST replaces family housing at the former Eastgate Gardens public housing development with a vibrant, mixed-income community in the heart of Ward Seven, Washington, DC. As one of several HOPE VI projects in the District of Columbia, the overall project includes a 100 unit senior citizens building called Triangle View within a mile of this newly built community east of the river.

GLENNCREST includes 61 affordable rental units set aside for former Eastgate residents wishing to return to the site. Fifty-three, 3 bedroom, 2.5 bath townhouse units are to be occupied by these former public housing residents and may eventually be sold to those that qualify and are interested. Additionally, by offering 150 affordable and market rate for-sale housing units too, this HOPE VI project reflects the new community development industry understanding…mixed-income communities are healthy communities.

mmunities

SHERON FLEMING moved into the former project, Eastgate Gardens, with her mother in 1966 when she was in the 7th grade. By the time she left in 2002, it was one of the most drug-infested, crime-ridden communities in the city. In fact, on September 24, 1995, Ms. Fleming looked on as her daughter, Nikita Williams, was shot and killed in a drive-by-shooting as they were entering their former home. Nikita was 18 years old and in her first year of college.

Today, Ms. Fleming is extremely happy to be back. She and her niece, Nickisha Williams, who has lived with Ms. Fleming since she was a baby, are both excited to be back in the new community called Glenncrest. They moved into their brand new 3 bedroom, 2.5 bathroom, affordable townhouse rental unit in August with Nickisha's two year old twin sons, Jalen and Jaden. They could not be happier. "I love it" said Ms. Fleming when asked what she thought of her new home.



Ms. Fleming, who has raised some of everyone's kids, is an extraordinary lady. Featured here with her "wall of fame" she reflects proudly on the accomplishments of those represented, especially her deceased daughter, Nikita. "I have always talked with the kids [in the neighborhood]; all they really want is some attention; most of the time, they are crying out for help" says Ms. Fleming as she recounted a conversation she'd had with two young boys just days earlier who were sitting on a porch two doors down. "I said, if you don't live there, then you should not be sitting there." When asked how they responded, she said "they said, yes ma'am, and moved along."

Ms. Fleming believes that if all of the residents stand together, they can keep their new community beautiful and safe; and that is very important to her as she helps raise her great-nephews, Jalen and Jaden.

Turning Over a New Leaf...Going Green

THE GREEN REDEVELOPMENT of Wheeler Terrace Apartments reflects the District of Columbia Housing Finance Agency's support for the preservation of our planet's limited resources. This seven-building apartment complex renovation project is setting a new precedent for "Green" affordable housing within the District of Columbia. It will be the first multi-family affordable housing project in the city to obtain both the "Green Communities" certification as well as a "Leadership in Energy and Environmental Design" (LEED) Gold certification.

This 116-unit affordable rental project, being developed by the Community for Preservation and Development Corporation (CPDC), will include environmentally-friendly technologies such as a geothermal heat pump; energy-star appliances; and energy efficient white thermal polywolefin (TPO) roofs. The geothermal heat pump – a ground source heat pump system for heating/air conditioning – is being used for the first time in affordable housing development in Washington, DC.

The geothermal well digging ceremony photo shown, depicts one of DCHFA's main goals in development…strategic, inclusive partnerships. The photo features members of both the city and federal governments; non-profit, banking and finance industries; and last but not least, community residents; all instrumental in getting this project moving. The 116 – one, two, and three bedroom - units are scheduled for delivery in summer 2009.

(Photo Left): Harry D. Sewell, Executive Director, DCHFA. ***(Photo Top Right)***: group shot in front of well-digging rig; ***(photo middle right)***: Harry D. Sewell and Leila Finucane Edmonds, Director, DC Dept. of Housing and Community Development; ***(photo bottom right)***: Well-digging rig.

The American Dream: Affordable Still

THE DISTRICT OF COLUMBIA Housing Finance Agency's DC Bond Program provided mortgages to eight homebuyers moving into the Henson Ridge Development. Henson Ridge is a mixed-income for-sale and rental housing development project. The model unit reflected here highlights some of the beautiful features available in some of these for-sale homes including the gourmet kitchen and a top floor "basement" to allow for recreation and relaxation in natural light.

Featured are various exterior facades and interior shots of different rooms inside the model unit.




Special Needs Housing... With the Emphasis on Special!

THE DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY (DCHFA), in partnership with the District of Columbia Housing Authority (DCHA) financed the construction of 22 UFAS (Uniform Federal Accessibility Standards) rental units for families with members having physical disabilities. All of the units are subsidized by Housing Assistance Payment contracts supported by DCHA project based housing choice vouchers.

The UFAS units are 2 – 3 stories high and interspersed throughout close to 600 other market rate and affordable rental and for-sale units of the overall $30 million HOPE VI project known as Henson Ridge. Henson Ridge is built on the site of the former public housing projects called Frederick Douglas and Stanton Dwellings. The Dwellings were originally built as housing for World War II workers and deemed uninhabitable in 1998. The site is located on land previously owned by Tobias Henson, a former slave who, after purchasing his freedom and that of his family, purchased and developed a 24-acre tract of land called the Ridge. Henson Ridge is named in his honor.

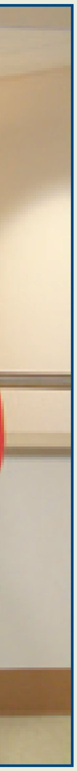
THE NEW COMMUNITY consists of mixed-income rental and for-sale housing; and includes all new infrastructures (streets, sidewalks and alleys). The UFAS units feature wide hall and door ways; lower kitchen cabinets; wheelchair accessible appliances; bathroom handrails; mobile shower heads; and an elevator in each unit. This is special needs housing with the emphasis on special!

More than Housing Development, Human Development

MORE THAN SIMPLY financing bricks and mortar, the District of Columbia Housing Finance Agency is also committed to activities that stimulate mind and body development. Some of its projects include tenant associations, fitness centers, arts and crafts or library spaces; while others may include a computer lab and classroom space.

The 3500 – 14th Street NW Tenants Association
(Hubbard Place Apartments, formerly Cavalier Apartments)

(Photo left) In early Fall 2008, Harry D. Sewell moderates an Urban Land Institute Conference Panel discussing the major changes unfolding in the equity investor market as the country's financial system strains under major institutional failures.



IN ADDITION TO ITS ACTUAL GOAL, the human and social services that accompany many of the projects has a residual benefit often overlooked. While helping to improve the quality of life for the residents, job development and other educational programs also create opportunities for residents to spend time outside of their respective units. Therefore a residual benefit is that the physical unit gets to rest and as a result capital outlays for maintenance are minimized. This information was highlighted during the Agency's Compliance and Asset Management Division's Fall Conference held for property management companies.

Compliance and Asset Management Division's Fall Conference

Harry D. Sewell, Councilmember Marion Barry and Tom Brown celebrate the dedication of Huntington Pines and its computer center.

TOM BROWN (featured in the photo below), Founder, Training Grounds, Inc., instructs a group of youth in the fundamentals of starting a business. Training Grounds operates from the computer lab and community space of the Huntington Pines multi-family development, a DCHFA financed project.

Independent Auditor's Report

THOMPSON, COBB, BAZILIO & ASSOCIATES, PC

Certified Public Accountants and Management, Systems, and Financial Consultants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
District of Columbia Housing Finance Agency

We have audited the accompanying basic financial statements, as listed in the table of contents, of the District of Columbia Housing Finance Agency ("the Agency"), a component unit of the Government of the District of Columbia, as of and for the years ended September 30, 2008 and 2007. 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. Those standards 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 the 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, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 audits were conducted for the purpose of forming an opinion on the Agency's basic financial statements. The combining financial statements on pages 50 through 54 are presented for the 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 audits 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.

Washington, D.C.
January 16, 2009

Thompson, Cobb, Bazilio & Associates, PC

A Professional Corporation
www.tcba.com

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

COMBINING BALANCE SHEET

Years Ended September 30, 2008 and 2007

ASSETS	General Fund	Single Family Fund	Multi-Family Fund	DC Building Finance Corporation	2008	2007 (Restated)
CURRENT ASSETS						
Unrestricted current assets:						
Cash and cash equivalents	$ 22,690,359	$ -	$ -	$ -	$ 22,690,359	$ 27,172,637
Other receivables	4,006,474	44,406	-	65,161	4,116,041	1,360,220
Total unrestricted current assets	26,696,833	44,406	-	65,161	26,806,400	28,532,857
Restricted current assets:						
Restricted cash and cash equivalents	11,085,646	10,908	156,333	280,731	11,533,618	26,066,446
Accrued interest receivable	120,018	3,960,503	2,395,256	-	6,475,777	7,307,581
Total restricted current assets	11,205,664	3,971,411	2,551,589	280,731	18,009,395	33,374,027
TOTAL CURRENT ASSETS	37,902,497	4,015,817	2,551,589	345,892	44,815,795	61,906,884
NON-CURRENT ASSETS						
Unrestricted non-current assets:						
Investments	7,262,835	-	-	-	7,262,835	1,762,840
Loans receivable	-	-	140,000	-	140,000	140,000
Prepaid expenses	179,381	-	-	16,602	195,983	222,470
Due from (to) other funds	2,874,714	(2,843,423)	(25,545)	(5,746)	-	-
Total unrestricted non-current assets	10,316,930	(2,843,423)	114,455	10,856	7,598,818	2,125,310
Restricted non-current assets:						
Investments held in trust	-	321,712,125	157,042,440	-	478,754,565	525,592,488
Mortgage backed securities at fair value	-	128,946,444	139,130,177	-	268,076,621	236,602,801
Mortgage and construction loans receivable	-	1,746,756	524,174,159	-	525,920,915	485,693,777
Loans receivable	-	-	2,017,593	-	2,017,593	2,017,593
McKinney Act loans receivable	2,698,089	-	-	-	2,698,089	2,045,660
Other receivables	69,474	-	70,429	-	139,903	232,243
Bond issue costs—net	-	1,939,990	11,342,254	59,266	13,341,510	13,938,792
Total restricted non-current assets	2,767,563	454,345,315	833,777,052	59,266	1,290,949,196	1,266,123,354
Capital assets:						
Land	-	-	-	573,000	573,000	573,000
Depreciable property and equipment	1,835,671	-	-	1,795,238	3,630,909	3,564,444
Leasehold improvements	1,524,389	-	-	-	1,524,389	1,223,905
Less accumulated depreciation and amortization	(2,403,330)	-	-	(677,830)	(3,081,160)	(2,879,885)
Total capital assets	956,730	-	-	1,690,408	2,647,138	2,481,464
TOTAL NON-CURRENT ASSETS	14,041,223	451,501,892	833,891,507	1,760,530	1,301,195,152	1,270,730,128
TOTAL ASSETS	**$ 51,943,720**	**$ 455,517,709**	**$ 836,443,096**	**2,106,422**	**$ 1,346,010,947**	**$ 1,332,637,012**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current liabilities payable from unrestricted assets:						
Accounts payable and accrued liabilities	$ 651,931	12,905	$ 484,903	$ 2,110	$ 1,151,849	$ 1,070,451
Accrued salary and vacation payable	201,857	-	-	-	201,857	288,223
Deferred revenue	1,489,849	-	-	-	1,489,849	1,776,273
Total current liabilities payable from unrestricted assets	2,343,637	12,905	484,903	2,110	2,843,555	3,134,947
Current liabilities payable from restricted assets:						
Tenant subsidy funds	542,927	-	-	-	542,927	1,078,182
Escrow deposits	4,344,193	-	2,670,038	206,667	7,220,898	6,849,418
Deferred credits	-	3,255,790	51,305,728	-	54,561,518	75,906,388
Deferred revenue	-	822,114	122,662	62,466	1,007,242	923,634
Interest payable	-	4,032,415	8,137,985	24,965	12,195,365	11,566,552
Current portion of bonds payable	-	53,530,000	44,912,557	-	98,442,557	105,594,663
Current portion of certificates of participation	-	-	-	110,000	110,000	125,000
Total current liabilities payable from restricted assets	4,887,120	61,640,319	107,148,970	404,098	174,080,507	202,043,837
TOTAL CURRENT LIABILITIES	7,230,757	61,653,224	107,633,873	406,208	176,924,062	205,178,784
NON-CURRENT LIABILITIES						
Non-current liabilities payable from restricted assets:						
Loans payable	-	-	459,779	-	459,779	462,152
Bonds payable—less current portion	-	385,782,362	681,426,371	-	1,067,208,733	1,031,203,828
Certificates of participation—less current portion	-	-	-	1,290,000	1,290,000	1,400,000
Total non-current liabilities payable from restricted assets	-	385,782,362	681,886,150	1,290,000	1,068,958,512	1,033,065,980
TOTAL LIABILITIES	**7,230,757**	**447,435,586**	**789,520,023**	**1,696,208**	**1,245,882,574**	**1,238,244,764**
NET ASSETS						
Invested in capital assets—net of related debt	956,730	-	-	290,409	1,247,139	956,464
Restricted for:						
Bond Fund and Risk Share	1,507,799	8,082,123	46,923,073	-	56,512,995	55,116,734
McKinney Act Fund	8,413,903	-	-	-	8,413,903	8,234,373
Total restricted net assets	9,921,702	8,082,123	46,923,073	-	64,926,898	63,351,107
Unrestricted net assets	33,834,531	-	-	119,805	33,954,336	30,084,677
TOTAL NET ASSETS	**44,712,963**	**8,082,123**	**46,923,073**	**410,214**	**100,128,373**	**94,392,248**
TOTAL LIABILITIES AND NET ASSETS	**$ 51,943,720**	**$ 455,517,709**	**$ 836,443,096**	**$ 2,106,422**	**$ 1,346,010,947**	**$ 1,332,637,012**

See accompanying independent auditors report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years Ended September 30, 2008 and 2007

	General Fund	Single Family Fund	Multi-Family Fund	DC Building Finance Corporation	2008	2007 (Restated)
OPERATING REVENUES						
Investment interest income	$ 823,543	$ 14,304,587	$ 6,902,512	$ 9,681	$ 22,040,323	$ 28,958,641
Mortgage-backed security interest income	-	6,552,291	7,905,194	-	14,457,485	8,046,563
Interest on mortgage and construction loans	-	144,390	21,744,641	-	21,889,031	23,497,806
McKinney Act revenue	223,027	-	-	-	223,027	323,204
Application and commitment fees	75,685	-	-	-	75,685	246,269
HUD Section 8 housing assistance receipts	53,815	-	-	-	53,815	8,701,592
Service project receipts	6,425,565	-	-	-	6,425,565	7,372,920
Other	6,415,538	661,378	8,184,539	206,105	15,467,560	14,822,735
Total operating revenues	14,017,173	21,662,646	44,736,886	215,786	80,632,491	91,969,730
OPERATING EXPENSES						
Operations	1,564,767	183,399	5,777,055	-	7,525,221	6,571,300
Personnel and related costs	3,760,497	-	-	-	3,760,497	3,664,314
Interest expense	-	18,239,891	39,992,948	87,696	58,320,535	54,605,743
Depreciation and amortization	134,785	-	-	66,490	201,275	191,795
Federal program payments	6,428,175	-	-	-	6,428,175	7,372,920
Housing assistance payments	-	-	-	-	-	8,701,592
Bond amortization	-	161,130	436,950	8,753	606,833	1,118,394
Trustee fees and other expenses	1,500	269,299	535,239	-	806,038	1,991,845
Loss on extinguishment of debt	-	-	-	-	-	2,191,284
Total operating expenses	11,889,724	18,853,719	46,742,192	162,939	77,648,574	86,409,187
OPERATING INCOME (LOSS)	2,127,449	2,808,927	(2,005,306)	52,847	2,983,917	5,560,543
NON-OPERATING REVENUES/EXPENSES						
Increase in fair value of mortgage-backed securities	-	1,631,982	1,120,226	-	2,752,208	1,120,381
CHANGE IN NET ASSETS	2,127,449	4,440,909	(885,080)	52,847	5,736,125	6,680,924
Net assets, beginning of year	42,585,514	3,641,214	47,808,153	357,367	94,392,248	85,872,794
Prior period adjustment	-	-	-	-	-	1,838,530
Net assets, beginning of year, as restated	42,585,514	3,641,214	47,808,153	357,367	94,392,248	87,711,324
Net assets, end of year	$ 44,712,963	$ 8,082,123	$ 46,923,073	$ 410,214	$ 100,128,373	$ 94,392,248

See accompanying independent auditors report.

COMBINING STATEMENT OF CASH FLOWS

Years Ended September 30, 2008 and 2007

	General Fund	Single Family Fund	Multi-Family Fund	DC Building Finance Corporation	2008	2007 (Restated)
Operating Activities						
Principal and interest received on loans	$ 187,054	$ 6,485,080	$ 27,550,910	$ -	$ 34,223,044	$ 19,060,181
Other cash receipts	5,742,272	303,747	14,026,219	209,390	20,281,628	12,748,175
Payments to vendors	(1,459,368)	(183,399)	(6,058,755)	-	(7,701,522)	(3,307,539)
Payments to employees	(3,846,864)	-	-	-	(3,846,864)	(3,681,084)
Purchases of mortgage and construction loans	-	(25,218,935)	(36,009,066)	-	(61,228,001)	(72,378,468)
Receipts of federal program income	6,479,380	-	-	-	6,479,380	16,074,512
Payments of federal program expenses	(6,429,675)	-	-	-	(6,429,675)	(16,074,512)
Other cash payments	(13,697,144)	(269,299)	-	-	(13,966,443)	(97,799)
Net cash provided by (used in) operating activities	(13,024,345)	(18,882,806)	(490,692)	209,390	(32,188,453)	(47,656,534)
Capital and Related Financing Activities						
Acquisition of fixed assets	(366,950)	-	-	-	(366,950)	(180,053)
Payments of bonds and long-term debt	-	-	-	(125,000)	(125,000)	(115,000)
Net cash used in capital and related financing activities	(366,950)	-	-	(125,000)	(491,950)	(295,053)
Non-Capital Financing Activities						
Funds disbursed for multi-family rehab	-	-	(85,780,285)	-	(85,780,285)	(40,740,337)
Interest paid on bonds		(17,605,548)	(39,631,381)	(90,218)	(57,327,147)	(52,797,152)
Proceeds from rehab financed by tax credits	-	(2,868,080)	68,179,999	-	65,311,919	65,065,548
Proceeds from long-term bonds	-	119,170,000	35,590,807	-	154,760,807	195,715,000
Principal payments on debt	-	(59,250,000)	(66,551,392)	-	(125,801,392)	(162,846,610)
Net cash provided by (used in) non-capital financing activities	-	39,446,372	(88,192,252)	(90,218)	(48,836,098)	4,396,449
Investing Activities						
Receipts of interest and dividends on investments and mortgage backed securities	823,543	13,091,610	6,902,512	9,682	20,827,347	28,958,641
Sale of investments and mortgage-backed securities	6,141,779	101,074,331	171,270,690	-	278,486,800	604,721,727
Purchase of investments and mortgage-backed securities	(11,535,393)	(134,865,487)	(90,411,872)	-	(236,812,752)	(579,813,031)
Net cash provided by (used in) investing activities	(4,570,071)	(20,699,546)	87,761,330	9,682	62,501,395	53,867,337
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,961,366)	(135,980)	(921,614)	3,854	(19,015,106)	10,312,199
Cash and cash equivalents at October 1	51,737,371	146,888	1,077,947	276,877	53,239,083	42,926,884
Cash and cash equivalents at September 30	$ 33,776,005	$ 10,908	$ 156,333	$ 280,731	$ 34,223,977	$ 53,239,083
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 2,127,449	$ 2,808,927	$ (2,005,306)	$ 52,847	$ 2,983,917	$ 5,560,543
Loss on early extinguishment of debt	-	-	-	-	-	2,191,284
Depreciation	134,785	-	-	66,490	201,275	191,795
Amortization	-	(500,247)	223,423	8,753	(268,071)	(10,920)
Interest on bonds	-	17,605,548	39,631,381	90,219	57,327,148	52,797,152
Receipts of interest and dividends on investments and mortgage- backed securities	(823,543)	(13,091,610)	(6,902,512)	(9,682)	(20,827,347)	(28,958,641)
Mortgage and construction loans	-	(25,218,935)	(36,009,066)	-	(61,228,001)	(72,378,468)
Investment income	-	(1,208,274)	-	-	(1,208,274)	2,240,762
Decrease (increase) in assets:						
Receivables	(2,775,915)	(71,920)	4,853,089	-	2,005,254	(22,841,697)
Other current assets	(673,266)	159,362	-	70,673	(443,231)	(354,250)
Increase (decrease) in liabilities:						
Payables	105,400	-	210,152	-	315,552	3,264,495
Interest payable	(86,366)	634,343	-	(2,522)	545,455	1,895,131
Accrued liabilities	-	-	-	-	-	(13,484)
Deferred revenue and credits	(11,154,299)	-	-	(67,388)	(11,221,687)	7,957,355
Escrow deposits	121,410	-	(491,853)	-	(370,443)	805,930
Current liabilities and changes in mortgage loans	-	-	-	-	-	(3,521)
Net cash provided by (used in) operating activities	$ (13,024,345)	$ (18,882,806)	$ (490,692)	$ 209,390	$ (32,188,453)	$ (47,656,534)

See accompanying independent auditors report.

Board of Directors

PROVIDING SOUND AND STRATEGIC fiscal and project oversight, the District of Columbia Housing Finance Agency's Board of Directors works hard to ensure its continued viability. The photo below features the FY 2008 Board along side the Agency's Executive Director, Harry D. Sewell.

(Left to right): Robert Clayton Cooper (Vice Chair), Michael L. Wheet (Chair), Harry D. Sewell, Buwa Binitie and Jacque D. Patterson

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Reuben Aboyewa*
Gwen N. Adams
Olukayode Adetayo
William Ahiable
Nicole Aiken
Harry T. Alexander Jr.
Kendra Allen*
Valencia Anderson
Sichao Bai
Xavier Beltran
Sherri Boulet*
Cedric Brown
Tiffany Cook

Terri J. Copeland
Fannie Gatling*
Seyoum Gizaw
Sharon Guilfod*
Solomon Haile*
Cynthia Hill*
David L. Jefferson
Lillian Johnson
Jaymar Joseph
Allison Ladd
Jackie Langeluttig
Ainsley Levy*
Angela Lovelace*

Fran D. Makle
Tabitha D. McQueen
Robin Moore
Kevin Morrison*
Mary Patton*
Edward Pauls
Barbara Randall*
Haiyun Ratliff
Jacqueline Reid
Erika Ruiz*
Harry D. Sewell
Abiy Tamrat
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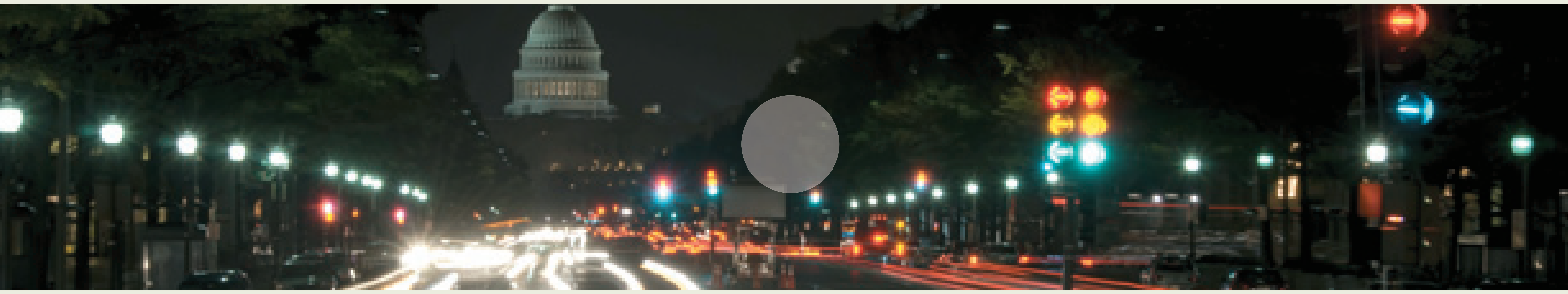
Anita Thomas
Marcus Thompson
Anthony Turner
Anthony L. Waddell
Tameka Webb
Sandy Whitehorn
Mitria Wilson
Michael Winter
Birol Yilmaz
Connell Young

***Former employee**



Urban Life, Vibrant Communities, Affordable Housing

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