

Building Blocks of
Affordable Housing
2013 Annual Report



Written by Lee Whack, District of Columbia Housing Finance Agency
Edited by Allison Ladd, District of Columbia Housing Finance Agency
Designed by Todd Bennings, Heavy Creative
Photography by Chris Spielmann, Spielmann Studio
Printed by Niko Tombros, House of Printing

Building Blocks

When you hear the phrase “Building Blocks” you think of fundamentals. Without the fundamentals, without the basics, it is hard to build anything. Housing, a safe and decent place to live, is a fundamental that all people need. When you travel through the District of Columbia nowadays you see new blocks of housing being built, and you see old blocks being rebuilt. Cranes seem to be on every other street, construction workers busily erecting apartment buildings, and homes that were once boarded are remodeled, then sold, often in short order. With strong demand for housing in Washington, D.C. many people are left wondering about one fundamental question. Will there be any affordable housing left in the nation’s capital?

District of Columbia Housing Finance Agency (DCHFA), with the help of our partners, exists to enhance the blocks of the District of Columbia with quality affordable housing. We work to achieve this goal by financing affordable apartment buildings and affordable single family homes for those who otherwise would be unable to live in this expensive residential real estate market. Building these collective blocks of affordable housing is really all about changing the lives of the people who need assistance. It is our hope, that with affordable housing, those in need can continue to build toward better lives for themselves and their families. Ultimately, this will make Washington, D.C. an even better place to live - block by block.

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Each Unit, Each Home, Each Person, Each Family Truly Matters

Bringing together sound affordable housing finance is like constructing a well-built home or apartment. When building housing every step, from drawing up the plans to digging the foundation to installing the front door, is extremely important. The result of following an exemplary blueprint is a state-of-the-art residence that will last for generations. In affordable housing finance, when all the necessary elements are put together in an innovative, efficient and well-thought-out manner it is best for all those involved. At the District of Columbia Housing Finance Agency, we are focused on playing our role in building affordable housing in the nation's capital. Each unit, each home, each person, each family truly matters. So the DCHFA is using all of our tools to help rehabilitate and construct affordable and moderate income housing in Washington, D.C. On the next page there are a couple of concrete examples of how we have been successful in the last year.

In this annual report we will share how the DCHFA is built and how the people in our Agency work together to finance affordable housing. We will also focus on the apartment buildings and single family homes we are financing to make sure more people have an affordable place in which to live in the District of Columbia.

Streamlining Developers' Ability to Finance Affordable Housing

During the 2013 Fiscal Year the DCHFA partnered with numerous other public agencies that also have a role in the financing of affordable housing to create a universal application process for developers seeking to build affordable housing in Washington. This cuts the red tape that affordable housing developers have historically faced when attempting to close deals in the District. This agreement was reached through the Comprehensive Housing Strategy Task Force 2012 (CHSTF 2012), that was commissioned by Mayor Vincent C. Gray and in which the DCHFA participated. In March 2013 the CHSTF 2012 issued a report called Bridges to Opportunity - A New Housing Strategy for D.C.. The universal application process, which was implemented after the report was issued, and other initiatives that resulted from the report, will increase efficiency in the process of financing affordable housing. Bridges to Opportunity also includes a goal of creating 10,000 units of affordable housing by 2020 (The 10 by '20 plan). DCHFA will play a crucial role in achieving this goal.

Credit Upgrade Allows DCHFA to Better Serve Residents

The DCHFA's credit rating was upgraded by Standard & Poor's Corporation in June 2013. As we continuously strive to increase the supply of affordable housing in the District of Columbia this upgrade demonstrates that the Agency is on strong financial footing. Standard & Poor's gave four primary reasons for the upgrade, including "(1) the high quality and very low risk profile of DCHFA's asset base; (2) strong financial performance, with sufficient capital adequacy ratios at the 'A' level; (3) minimal general obligation debt exposure; and (4) an active management team, which has a strong, positive relationship with the District government." Standard & Poor's upgrade also focused on DCHFA's success in the 2012 Fiscal Year, in which the "Agency's loan portfolio

stood at \$898 million, representing a 4.66% increase over Fiscal Year 2011." With this upgrade our Agency is better positioned to finance affordable housing right now and in future years.

Fiscal Year 2013 and Beyond

So how have we managed to have these successes and how will we build on them going forward? In this annual report we will share how the DCHFA is built and how the parts of our Agency work together to finance affordable housing. We will also focus on the various apartment buildings and single family homes we are financing to make sure more people in need have an affordable place to live in the District of Columbia.

Mission

The DCHFA was established in 1979 to stimulate and expand homeownership and rental housing opportunities in Washington, D.C. We accomplish our mission by issuing housing mortgage revenue bonds, multifamily housing bonds and creative financial instruments to lower the homebuyers' costs of purchasing homes and the developers' costs of acquiring, constructing and rehabilitating rental housing. We embrace our responsibility with conviction, pledge our best efforts to serve as the city's champion for homeowners and renters and act as the city's principal catalyst for neighborhood investment.

Services

Our Agency has two primary program areas: (1) Multifamily Housing Development; and (2) Homeownership. DCHFA primarily utilizes tax-exempt bonds, taxable bonds, 4% Low Income Housing Tax Credits (LIHTC), and McKinney Act Savings Funds to increase the availability of affordable housing opportunities for residents of the District of Columbia.

Departments

Now that we have explained what we do (mission) and how we do it (services) it is also important to shed light on how we at the DCHFA fulfill our mission and accomplish our services. We are a quasi-independent agency that works closely with the District government, financial institutions, residential real estate developers, community-based nonprofits, advocacy groups and other partners. We are able to work well with others because we operate efficiently as an Agency.

As mentioned in the introduction, building sound affordable housing is like putting together a well-built home or apartment. To build housing you need several teams of people working together. Likewise, to finance affordable housing our Agency staff and board of directors collaborate to ensure the housing finance process is streamlined, well-calculated and of high-quality. The following is a description of each of our departments to provide insight into how our Agency works. Each department includes a group of professionals that is needed to build housing. The professionals from these departments working together is what allows us to build blocks of affordable housing. After all, housing never gets built by itself.

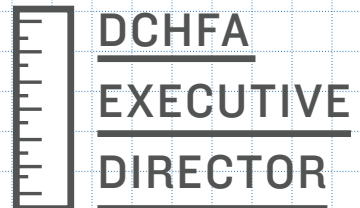


Board of Directors

A dynamic and capable board of directors is like a strong development team that oversees all of its properties. It should include leaders that are knowledgeable about the local housing market, experienced in finance and aware of the particular needs of the community. The DCHFA Board of Directors has all of these attributes, allowing it to work effectively with the DCHFA's Senior Staff and other staff members. The board is advancing the Agency's role as a champion for renters and homeowners in Washington, D.C. As the DCHFA operates as the city's principal catalyst for neighborhood development the board guides and advises the Agency.

Executive Director

Architects envision what housing should look like, they draw up plans, then they help see those plans through from the first sketch to the last finishing touch. The Office of the Executive Director has this type of role at the DCHFA. It works with all of the Agency's departments to make sure we are using innovative and secure financing methods that stimulate and expand affordable homeownership and rental housing opportunities. This group also works closely with housing-focused partners throughout the District, region and even nation-wide on housing matters. Government relations and public relations are also handled by this team.



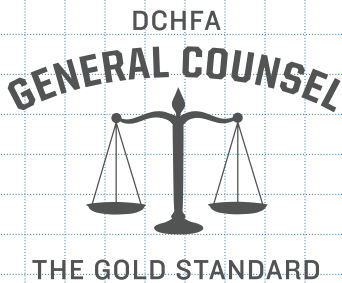
Administration

Nobody wants to live in a home that is too cold or too hot. The Office of Administration has its hand on the thermostat so to speak, making sure the building runs properly for all departments and ensuring that our vendors perform as expected. Administration includes human resources, procurement, business process management and facilities management. With this team monitoring the controls, the efficiency of Agency operations and the future of our facilities are protected.



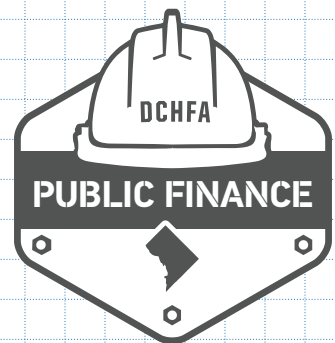
General Counsel

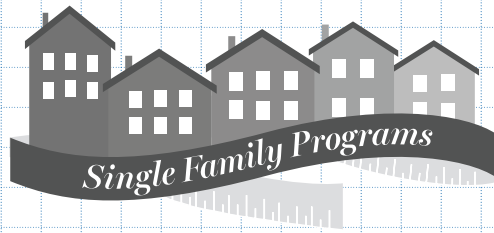
All homes and apartments need to be built in accordance with local and federal law. From the first building permit to the sale or rental of the property, rules and regulations must be followed. The Office of the General Counsel takes on the role as the Agency's internal legal team. This group ensures that our affordable housing financings are executed in accordance with the law and best practices within the industry. When there is an area of uncertainty, this team can bring clarity to the legality of our operations.



Public Finance

For most Multifamily projects construction engineers are responsible for a lot of the heavy lifting, pouring the foundation, erecting wood frames — the bricks and mortar. For this you need a quality team. Our Office of Public Finance fulfills this role for our Agency. They execute the Multifamily transactions that the DCHFA finances throughout the District of Columbia, primarily apartment buildings and some townhomes. Working with banking institutions, developers, community organizations and city officials, the Public Finance team underwrites transactions in order to best ensure the long-term success of our developments. When it makes sense for District residents and for our Agency, Public Finance makes every effort to make sure initial talks lead to groundbreakings, which then lead to ribbon cuttings, resulting in new housing for hundreds of Washington, D.C. residents every year.





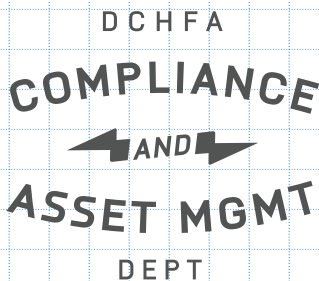
Single Family Programs

Often people need a broker to help them buy or sell their homes. Our Office of Single Family Programs is like a team of brokers because they provide the financing for homeowners. They do this by connecting applicants with lenders that administer our programs. The primary programs are focused on foreclosure prevention and affordable homeownership. This is increasingly important in the District where the homeownership rate is substantially lower than it is in many other parts of the country. Even in the face of this challenging real estate market, Single Family is poised to broker as many transactions as possible to boost affordable homeownership.



Chief Financial Officer

When making financial decisions it is always ideal to have sound financial advice. The Office of the Chief Financial Officer is our team of financial professionals. They help instill fiscal responsibility in our Agency's operations from office supply purchases to the 30-year financing of a 300-unit apartment building, to the management and accounting of our multi-million dollar portfolio.



Compliance and Asset Management

Turning on a light switch or plugging in your cell phone charger are everyday actions that many people take for granted -- until the power goes out. Electricity is a key utility that makes a place livable, however, residents also need a team of professionals that will bring problems to light, and solve them before they become larger issues. The Office of Compliance and Asset Management is that team. They work to make sure everything is running smoothly, both fiscally and physically, with our Multifamily properties across the District. From the management of our internal Multifamily records, to the records and dealings of property managers that run DCHFA-financed apartment buildings throughout the District, this department wires us for success.



District of Columbia
Housing Finance Agency

DCHFA Board of Directors

Derek Ford, Chairman
Leila Batties, Vice-Chair
Charles R. Lowery, Jr., Member
M. Craig Pascal, Member
Stanley Jackson, Member
Maria K. Day-Marshall, Secretary

Dedication



Mayor Vincent C. Gray presents the Comprehensive Housing Strategy Task Force report in March 2013. CREDIT: Lateef Mangum, Executive Office of the Mayor

The District of Columbia Housing Finance Agency report for the fiscal year ending September 30, 2013 is respectfully submitted to:

The Honorable Vincent C. Gray, Mayor of the District of Columbia
The Honorable Phil Mendelson, Council Chairman of the District of Columbia
The Honorable Anita Bonds, Councilmember At-Large
The Honorable Michael A. Brown, Councilmember At-Large*
The Honorable David A. Catania, Councilmember At-Large
The Honorable David Grosso, Councilmember At-Large
The Honorable Vincent Orange, Councilmember 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 Kenyan R. McDuffie, Councilmember, Ward 5
The Honorable Tommy Wells, Councilmember, Ward 6
The Honorable Yvette Alexander, Councilmember, Ward 7
The Honorable Marion Barry, Councilmember, Ward 8

*Former Councilmember



A message from Board Chairman
Derek Ford

As the District of Columbia is in the midst of urban renewal, more affordable housing is needed to maintain our economic diversity. I have had the privilege of living in Washington, D.C. for the past 18 years. During that period I have served in a variety of financial management positions in the private, nonprofit and governmental sectors. In addition, as a long-time resident of Ward 7, I have been active in my community and concerned about the development of the city as a whole.

Given my background and my commitment to improving life in the nation's capital, I am excited that the District of Columbia Housing Finance Agency is uniquely positioned to help developers build and rebuild apartments that have affordable rent levels. In January 2013, I was elected chairman of the DCHFA Board of Directors after serving as vice chairman. It is my responsibility to oversee the operations of our Agency and help fulfill our mission to "stimulate and expand homeownership and rental housing opportunities" in the nation's capital.

With more than 1000 people moving to Washington, D.C. each month, making sure there are more opportunities for affordable housing is challenging. As we are experiencing this influx in population we must make every effort to ensure that families who lived here in the difficult times can still live here in the good times.

To achieve this goal through the process of financing affordable housing, it is vital that we support a diverse development community. At the DCHFA we ensure that Certified Business Enterprises have access to our



A before and after look of windows at the DCHFA-financed House of Lebanon senior apartments.

With more than 1000 people moving to Washington, D.C. each month, making sure there are more opportunities for affordable housing is challenging. As we are experiencing this influx in population we must make every effort to ensure that families who lived here in the difficult times can still live here in the good times.

financing and can partner with other developers to build affordable housing. With such a strong residential real estate market we have chosen not to simply approve deal after deal from the same developer; instead we work with various developers and minority partners to rehabilitate and construct quality affordable housing throughout Washington.

The details of how affordable housing is financed and built are also very important. Buildings near metro stations often need more sound-proof, high-quality windows. Senior apartment buildings should provide some level of quality resident services for the senior citizens who will call those buildings home. Everything from the color of a building's exterior, to the size of community rooms, to the finishings in each unit is important when building affordable housing. The Board of Directors examines each project to make sure that we are approving the best possible projects for D.C. residents.

The DCHFA has a fiduciary responsibility to the residents of our properties and to our financial partners. Therefore, we as board members not only have a responsibility to examine the details of each project, but we also have the responsibility to monitor the overall financial operations of the Agency to make sure our resources are being used wisely. We know this is vital when it comes to affordable housing finance here in the nation's capital and in communities across the U.S.

In addition to my role as DCHFA board chairman, I also have the honor of serving as Second Vice President on the Board of Directors of the National Council of State Housing Finance Agencies. In this role I am an active participant in the development of affordable housing finance policy and keeping abreast of new developments in the industry. When compared with housing finance agencies across the nation, the DCHFA is on the cutting edge of establishing strong practices despite the fact that we operate in an expensive and challenging residential real estate market.

In Fiscal Year 2014 we will continue our commitment to managing a fiscally-sound Agency. We are focused on each resident that has the potential to move into a new apartment building, each homeowner who we can help avoid foreclosure and each resident who can use our financing to secure affordable homeownership. The entire board and I, along with the DCHFA staff, are extremely dedicated to the financial health of the Agency. This is so important because we exist to help as many families and individuals as possible to get the housing assistance that they need. We will continue to move forward every day to support people in need of affordable housing in Washington.



A message from Interim Executive Director

Maria K. Day-Marshall

As I travel through the District of Columbia, as a Native Washingtonian, I am amazed at how the nation's capital is changing. At the District of Columbia Housing Finance Agency it is our role to make sure these changes include affordable housing. We have been successful in this effort this year and I am confident that we as an Agency are prepared to meet the challenge of increasing housing affordability going forward.

Mayor Vincent C. Gray has announced an unprecedented investment of \$287 million in affordable housing. The DCHFA is focused on working with city agencies, financial institutions, developers, community-based nonprofits, advocacy groups and other entities to use these funds and other resources to make housing in the District more affordable for those in need. This is a collaborative effort that I embrace, and I know the DCHFA Board of Directors and staff are also very committed to enhancing affordable housing opportunities for District residents.

We are well positioned to take on this challenge in the coming year because we are on strong financial footing. Fiscal Year 2013 was one of the most profitable years in the DCHFA's 34-year history. Our credit rating was upgraded by Standard & Poor's Corporation in June 2013, indicating that our Agency is headed in the right direction.

The Agency closed eight transactions in its multifamily Program this year, which provided 1113 units of affordable housing. Through these deals we issued more than \$138 million in bonds and generated over \$93 million in tax credit equity. The best part of celebrating the groundbreaking for the projects that the Agency has financed is knowing that each of them will result in a better place to call home for a significant number of families. As I toured DCHFA-financed properties that opened this year I have found that the quality of housing that we are financing is excellent. For some time now the properties we finance have not 'looked like' the old stereotype of affordable housing buildings. They are increasingly modern, safe, decent, high-quality, well-built properties, and I know this trend will continue.

This has also been a great year for our Single Family Programs. HomeSaver, our foreclosure prevention program, has been successful at allocating funds to help District homeowners who have been impacted by unemployment to avoid foreclosure. This year we expanded HomeSaver to the underemployed, allowing us to assist even more residents. Our efforts have been recognized by the U.S. Treasury Department, and we have been so successful that we plan to wind down the HomeSaver program since we have allocated most of the federal funds available.

The Agency closed eight transactions in its Multifamily Program this year, which provided 1113 units of affordable housing. Through these deals we issued more than \$138 million in tax-exempt bonds and generated over \$93 million in tax credit equity.



An advertisement for DCHFA-Financed Senior Housing at O during a celebratory unveiling event.

Simultaneously, we launched our affordable mortgage program this year, DC Open Doors- Your Key to the City. Although the program just launched in May 2013 it is in high demand among those who desire to own a home in the District. We are optimistic about the potential of this program. Early in my career, when I purchased my first home, I enrolled in a program similar to DC Open Doors. It truly helped me at a time when I was in need. Clearly there are many families that can benefit from this type of assistance. The homeownership rate in the District of Columbia is in the 40 percent range, well below the national average — which is in the sixties. We have launched DC Open Doors at a time when local residents really need help to make homeownership a reality.

The District of Columbia is changing, block by block. Our Agency will continue to play an important role in making sure that affordable housing is a large part of that change. We will continue building coalitions to ensure that we become even more successful at fulfilling our mission. In my role I will collaborate with our Board of Directors and empower our staff to be as proficient as possible. Affordable housing is so important to this city and its people that it deserves our best, and that is what we are committed to give.

Executive Leadership Team

Maria K. Day-Marshall, Interim Executive Director/General Counsel

Fran D. Makle, Deputy Executive Director

Allison Ladd, Associate Executive Director

Anthony Waddell, Director of Public Finance

Carisa D. Stanley, Director of Single Family Programs

Sergei V. Kuzmenchuk, Chief Financial Officer

Risha Williams, Director of Compliance and Asset Management

Multifamily Housing

Within the past fiscal year, the DCHFA has issued more than \$138 million in tax-exempt bonds through eight deals that will provide 1113 affordable apartment units for D.C. residents in the future years.

As the residential real estate market in Washington, D.C. continues to be one of the most robust in the nation, the DCHFA works, block by block, to finance affordable rental housing in the nation’s capital. Throughout Fiscal Year 2013 our Agency celebrated the opening of new multifamily properties, and groundbreakings on rehabilitation and new construction projects. Within the past fiscal year, the DCHFA closed eight transactions in its Multifamily Program, which provided 1113 units of affordable housing. Through these deals we issued more than \$138 million in tax-exempt bonds and generated over \$93 million in tax credit equity.

DCHFA finances Multifamily housing for residents with incomes at or below 60 percent of the Area Median Income (AMI). In Fiscal Year 2013 the AMI was calculated at \$107,300 for a family of four, so our units were reserved for families making \$64,380 or less. Our Public Finance team, which manages our Multifamily Housing portfolio, provides debt and equity to developers of DCHFA financed properties. A sample of the projects financed in FY2013 follows.



SeVerna II

Total Development Cost	\$36 million* (\$270,000/per unit)
DCHFA Tax-Exempt Bonds	\$16.5 m
4% LIHTC Equity	\$10.1 m
DMPED New Communities Funds	\$3.65 m
DHCD Home Funds	\$3.5 m
Deferred Developer Fee	\$1.5 m
Seller Note	\$1.45 m
DMPED NIF Funding	\$145,000

*Upon conversion \$2 million in bonds were redeemed with tax credit equity



Key Terms:

- LIHTC - Low-Income Housing Tax Credit
- DMPED - Deputy Mayor for Planning and Urban Development
- DHCD - Department of Housing and Community Development
- NIF - Neighborhood Investment Fund
- NHTCDF - National Housing Trust Community Development Fund
- NSP2 - Neighborhood Stabilization Program 2
- CDBG - Community Development Block Grant
- FHLB - Federal Home Loan Bank



The Nannie Helen at 4800

Total Development Cost \$19.25 million*
(\$275,000/per unit)

DCHFA Permanent Tax-Exempt Bonds	\$3.6 m
DCHFA Short Term Tax-Exempt Bonds	\$4.6 m*
4% LIHTC Equity	\$5.7 m
DMPED Subordinate Loan	\$6.4 m
Developer Equity	\$2.5 m
Deferred Developer Fee	\$550,000
FHLB Subordinate Loan	\$500,000

*Total Development Cost equals \$19.25 million when the Short Term Tax-Exempt Bonds are Not Included.

Bass Circle Apartments

Total Development Cost \$24.5 million
(\$206,000/per unit)

DCHFA Tax-Exempt Bonds	\$11.61 m
4% LIHTC Equity	\$ 7.25 m*
NHTCDF NSP2 Loan	\$6.58 m
DHCD CDBG Loan	\$4.84 m
DHCD NSP2 loan	\$1.1 m
FHLB Subordinate Loan	\$500,000
Deferred Developer Fee	\$380,000



DCHFA FY2013 Multifamily Tax-Exempt Bond Transactions

Project Name	Developer	Bond Amount Issued
Yards D Building	Forest City SEFC, LLC	\$8,000,000
Whitelaw Apartments	Historic Whitelaw LLC	\$4,601,495
Bass Circle Apartments	Bass Circle DC Limited Partnership	\$11,000,000
Severna Phase II	Golden Rule Apartments, Inc./Mission First Housing Development/ The Henson Company	\$16,500,000
Senior Housing at O	CityMarket at O SH LLC (Roadside / Dantes Partners)	\$15,831,380
SOME Scattered Site Phase II	Scattered Site II, LLC	\$13,000,000
Tyler House	Tyler House Associates 2012 LLC (Roizman Development, Inc.)	\$40,000,000
Sheridan Station Phase III	Sheridan Station South Limited Partnership (W.C. Smith)	\$21,981,000



Address	Ward	Closing Date	Unit Count
1212 4th Street, SE	6	10/18/2012	219
1839 13th Street, NW	1	11/13/2012	35
Benning Road and B Streets, SE	7	12/20/2012	119
87 K Street, NW	6	12/21/2012	133
7th & P Streets, NW	2	3/5/2013	90
Various; 523-525 Mellon Street, SE, 216 New York Avenue, NW & 1151 New Jersey Avenue, NW; 2025 Fendall Street, SE	6, 8	4/26/2013	101
1200 North Capitol Street, NW	6	7/10/2013	284
Sheridan Road, SE between Stanton Road, SE & Pomeroy Road, SE	8	8/6/2013	133



It is our hope, that with affordable housing those in need can continue to build toward better lives for themselves and their families. Ultimately, this will make Washington, D.C. an even better place to live - block by block.

Tyler House Apartments on the right and a view down North Capitol Street, with the Capitol building in the distance.







Single Family Housing

HomeSaver — Blocks of homes have been saved through this program

With more than five years of recovery since the housing bubble burst the number of home foreclosures is declining in several jurisdictions across the U.S. Washington, D.C. is among the areas that has had fewer foreclosures in the last year. DCHFA's HomeSaver Program has been a contributing factor to this decline. As a result of the DCHFA's HomeSaver Program, hundreds of Washington residents have avoided foreclosure.

HomeSaver, A Hardest Hit Fund Initiative, is a federally funded program. At the DCHFA we have been one of the nation's most successful HFAs in dispersing funds to families that need them the most. The U.S. Treasury Department has recognized how our efforts through HomeSaver have helped families in need in the nation's capital.

"The District of Columbia and participating states are implementing innovative programs to help find real solutions for struggling homeowners," said Mark McArdle, Treasury Chief of Homeownership Preservation and Director of the Hardest Hit Fund Initiative. "Through the Hardest Hit Fund, DCHFA is helping hundreds of families avoid foreclosure and the program has provided DCHFA an opportunity to partner with organizations throughout the District to reach families who can benefit from Hardest Hit funds."

Since its inception in 2009, DCHFA's HomeSaver Program was solely focused on unemployed homeowners in the District. However, in order to help more residents avoid foreclosure, we extended the program to help the under-employed starting in January 2013. In Fiscal Year 2013, HomeSaver helped 192 households avoid foreclosure. Homes were saved in each of the city's wards. This brought our total number of approved applicants to 583 and our total funds committed to \$12.475 million.

As Fiscal Year 2013 came to a close our Agency began to wind down the program because we had nearly committed all the funds that are available. As more and more housing is being built in Washington, D.C. each day we believe it is vital to help people who own their homes to avoid foreclosure. Job loss, nor underemployment, should lead to home loss. We are pleased to report these successes and will continue to work to enhance opportunities for affordable homeownership in Washington, D.C.

HomeSaver: At a Glance as of September 30, 2013

583

Households have been assisted in Washington, D.C. through the program

95%

Percentage of Homeowners who retained their homes 24 months after receiving assistance

2

Washington, D.C.'s rank among all states/jurisdictions in approval ratio of program applicants

2

Washington, D.C.'s rank among all states/jurisdictions to allocate all available funds



Shari Ruth-Goodwin in her living room with a photo of her mother and other relatives. Her parents bought her Woodridge home in the 1960s. HomeSaver helped her keep the home in the family.

Shari keeps her home through HomeSaver

Homeowners who have been impacted by unemployment or underemployment in every ward have avoided foreclosure through the District of Columbia Housing Finance Agency's HomeSaver Program. Shari-Ruth Goodwin was one of those homeowners.

She used the HomeSaver Program to avoid foreclosure in the Woodridge neighborhood. Goodwin was employed as a librarian when she was laid off and she fell behind on her mortgage payments.

“When I was laid off, I was working on my second master’s degree,” Goodwin said. “Because of HomeSaver I was able to finish my master’s and get my next job.”



“When I was laid off, I was working on my second master’s degree,” Goodwin said. “Because of HomeSaver I was able to finish my master’s and get my next job.” She added that if it were not for HomeSaver her son would not have been able to remain enrolled in college. Goodwin, a native Washingtonian, truly feels the program provides crucial help to hard-working people who have dealt with the difficult financial setback from job loss.

“It is important that a city give back, invest in the people that will be living in it generationally,” Goodwin said. Goodwin’s story demonstrates the positive impact that HomeSaver has had on homeowners in Washington, D.C. However, she is not the only one with a HomeSaver success story. Here are some statistics on the program.



Single Family Housing

DC Open Doors — Your Key to the City

At the DCHFA, increasing the homeownership rate in the nation's capital is one of our top priorities. We understand that every day residents are working hard to make a better life for themselves and their families. Yet, with the median home sales price of \$490,000 in the District, as of May 2013, it is clear that the American Dream of homeownership is becoming more difficult to achieve here.

DCHFA launched DC Open Doors to make homeownership more affordable. DC Open Doors offers qualified buyers home purchase loans and down payment assistance. We understand that one of the biggest obstacles for prospective homeowners is saving for the required down payments, therefore we offer down payment assistance loans (DPAL) to assist potential purchasers. Through the DC Open Doors program we also help prospective homeowners work directly with participating lenders so they can receive the mortgage financing help that they need. Our Single Family Programs team is helping to open the doors to homeownership in Washington, D.C. to those who otherwise would not be able to consider owning a home in this market by providing below market interest rate mortgage loans.

DC Open Doors not only provides the down payment for qualified applicants, but it also can reduce your mortgage payments by providing a reduction in mortgage insurance premiums, and below-market interest rates.

We work directly with realtors and lenders, educating them regarding the ins and outs of the program. Lenders complete a specialized training process and our staff works one-on-one with realtors to show them how their clients can use DC Open Doors. In turn these realtors and lenders are the "foot soldiers" of DC Open Doors - working directly with prospective homeowners. DC Open Doors has a social media presence with a Twitter account (follow us @DCOpenDoors) and a Facebook page (like us by searching DC Open Doors).

Our program staff has attended housing fairs across Washington, D.C. talking with prospective homeowners about the specifics of DC Open Doors. These efforts have been met with a lot of interest and we have already closed loans. We are hopeful that the program will have a significant impact on Washington, D.C., and become the key to the city for many individuals and families who need assistance unlocking the doors of homeownership in the months and years to come.



Opening the First Door

DC Home Buzz — A Real Estate Brokerage

by Krysten Copeland

In May 2013, the DCHFA launched the DC Open Doors program, a loan program created to make homeownership a more realistic goal. DC Open Doors not only provides the down payment assistance for qualified applicants, but also reduces the mortgage payment by providing a reduction in mortgage insurance. Lindsey Reese of DC Home Buzz and Alex Jaffe of First Home Mortgage worked with the first purchasers to close a DC Open Doors loan. In recognition of their work, the DCHFA awarded both Lindsey Reese and Alex Jaffe honorary Keys to the City. DCHFA presented these keys at their open house in the Summer of 2013. In addition, the DC Home Buzz real estate team and Alex Jaffe of First Home Mortgage have helped more DC Open Doors purchasers than any other real estate company or loan officer.

DC Open Doors presented an opportunity for DCHFA to make its first foray into using social media to inform prospective homeowners about the specifics of DC Open Doors.



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Independent Auditor's Report On Summary Financial Statements

Board of Directors
District of Columbia Housing Finance Agency

The accompanying summary financial statements, which comprise the summary statements of net position as of September 30, 2013 and 2012, and the summary statements of revenues, expenses and change in position and cash flows for the years then ended, are derived from the audited financial statements of District of Columbia Housing Finance Agency as of and for the years ended September 30, 2013 and 2012. We expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2014, which included an emphasis of matter paragraph regarding the early implementation of Government Accounting Standards Board Statement No. 65 Items Previously Reported as Assets and Liabilities.

The summary financial statements do not contain the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of District of Columbia Housing Finance Agency.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with accounting principles generally accepted in the United States of America.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived, and evaluating whether the summary financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Opinion

In our opinion, the summary financial statements of District of Columbia Housing Finance Agency as of and for the years ended September 30, 2013 and 2012 referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in the audited financial statements of District of Columbia Housing Finance Agency, the Agency early implemented Government Accounting Standards Board Standard No. 65 Items Previously Reported as Assets and Liabilities and restated its 2012 financial statements. Our opinion is not modified with respect to that matter.

Baltimore, Maryland

January 17, 2014

A handwritten signature in cursive script that reads "CohnReznick LLP". The signature is written in black ink on a light-colored background.

Statements of Net Position

September 30, 2013 and 2012

CURRENT ASSETS

ASSETS	2013	2012 (as restated)
Unrestricted current assets:		
Cash and cash equivalents	\$ 29,858,055	\$ 24,316,950
Mortgage and construction loans receivable	146,813	167,730
Other receivables	11,526,498	10,803,751
Accrued interest receivable	20,587	189,844
Prepaid fees	126,800	213,046
Total unrestricted current assets	41,678,753	35,691,321
Restricted current assets:		
Cash and cash equivalents	101,582,019	107,485,752
Mortgage-backed securities at fair value	8,021,310	5,119,885
Mortgage and construction loans receivable	23,393,796	23,320,886
Accrued interest receivable	4,540,313	5,453,239
Other receivables	60,755	62,392
Total restricted current assets	137,598,193	141,442,154
TOTAL CURRENT ASSETS	179,276,946	177,133,475

Statements of Net Position (continued)

NON-CURRENT ASSETS

ASSETS	2013	2012 (as restated)
Unrestricted non-current assets:		
Investments	3,361,379	6,042,929
Mortgage and construction loans receivable	249,921	417,396
Total unrestricted non-current assets	3,611,300	6,460,325
Restricted non-current assets:		
Investments held in trust	35,721,340	52,226,369
Mortgage-backed securities at fair value	119,606,044	187,960,438
Mortgage and construction loans receivable	652,774,882	647,335,404
Loans receivable	2,464,857	2,611,404
McKinney Act loans receivable	1,332,193	1,511,430
Other receivables	-	15,412
Total restricted non-current assets	811,899,316	891,660,457
Capital assets:		
Land	573,000	573,000
Property and equipment	3,955,985	3,919,487
Leasehold improvements	1,745,285	1,723,053
Less accumulated depreciation and amortization	(3,823,562)	(3,578,198)
Total capital assets, net	2,450,708	2,637,342
TOTAL NON-CURRENT ASSETS	817,961,324	900,758,124
 TOTAL ASSETS	 \$997,238,270	 \$1,077,891,599

Statements of Net Position (continued)

CURRENT LIABILITIES

LIABILITIES AND NET POSITION	2013	2012 (as restated)
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 2,656,374	\$ 2,609,715
Accrued salary and vacation payable	267,889	235,811
Prepaid Fees	1,182,997	1,041,577
Total current liabilities payable from unrestricted assets	<u>4,107,260</u>	<u>3,887,103</u>
Current liabilities payable from restricted assets:		
Accounts payable and accrued liabilities	64,982	143,569
Project funds held for borrower and other liabilities	53,678,950	98,100,076
Interest payable	8,803,336	9,640,556
Bonds payable	24,878,796	25,741,032
Certificates of participation	140,000	135,000
Total current liabilities payable from restricted assets	<u>87,566,064</u>	<u>133,760,233</u>
TOTAL CURRENT LIABILITIES	<u>91,673,324</u>	<u>137,647,336</u>

Statements of Net Position (continued)

NON-CURRENT LIABILITIES

LIABILITIES AND NET POSITION	2013	2012 (as restated)
Non-current liabilities payable from restricted assets:		
Loans payable	-	575,444
Bonds payable	815,927,766	845,670,004
Certificates of participation	650,000	790,000
Total non-current liabilities payable from restricted assets	816,577,766	847,035,448
TOTAL LIABILITIES	908,251,090	984,682,784
NET POSITION		
Net invested in capital assets	1,660,708	1,712,342
Restricted for:		
Bond Fund, collateral and Risk Share Program	34,532,184	41,571,166
McKinney Act Fund	8,576,551	8,926,106
Total restricted net position	43,108,735	50,497,272
Unrestricted net position	44,217,737	40,999,201
TOTAL NET POSITION	88,987,180	93,208,815
TOTAL LIABILITIES AND NET POSITION	\$997,238,270	\$1,077,891,599

Statements of Revenues, Expenses and Change in Position

September 30, 2013 and 2012

OPERATING REVENUES	2013	2012 (as restated)
Investment interest income	\$ 1,966,344	\$ 3,203,285
Mortgage-backed security interest income	6,890,283	13,646,776
Interest on mortgage and construction loans	41,856,888	32,089,494
McKinney Act interest revenue	121,892	94,333
Application and commitment fees	300,813	183,422
Service project receipts	4,580,901	6,536,023
Other	14,123,543	11,159,842
Total operating revenues	69,840,664	66,913,175
OPERATING EXPENSES		
General and administrative	7,012,927	6,591,266
Personnel and related costs	4,278,160	4,053,725
Interest expense	47,752,731	38,625,017
Depreciation and amortization	245,364	228,255
Service project payments	4,581,667	6,532,506
Trustee fees and other expenses	2,066,093	1,189,441
Total operating expenses	65,936,942	57,220,210
OPERATING INCOME	3,903,722	9,692,965
NON-OPERATING REVENUES/EXPENSES		
Decrease in fair value of mortgage-backed securities	(8,125,357)	(2,208,568)
CHANGE IN NET POSITION	(4,221,635)	7,484,397
Net position, beginning of year, as previously stated	93,823,368	87,095,587
Cumulative effect of change in accounting principle	(614,553)	(1,371,169)
Net position, beginning of year, as restated	93,208,815	85,724,418
Net position, end of year	\$88,987,180	\$93,208,815

Statements of Cash Flows

September 30, 2013 and 2012

Cash Flows From Operating Activities	2013	2012 (as restated)
Interest received on loans	\$ 42,380,964	\$ 31,992,385
Other cash receipts	110,444,368	74,820,540
Payments to vendors	(7,381,588)	(5,814,128)
Payments to employees	(4,242,460)	(4,031,590)
Net mortgage & construction loans (disbursements) receipts	(5,519,343)	(94,207,338)
Receipts of service project income	4,580,901	6,536,023
Payments of service project expenses	(4,581,667)	(6,532,506)
Principal & interest received on mortgage-backed securities	65,129,701	78,424,017
Purchase of mortgage-backed securities	(626,966)	(11,153,800)
Other cash payments	(142,238,993)	(53,389,572)
Net cash provided by operating activities	<u>57,944,917</u>	<u>16,644,031</u>
 Cash Flows from Capital and Related Financing Activities		
Acquisition of fixed assets	(58,730)	(361,469)
Payments of bonds and long-term debt	(135,000)	(130,000)
Net cash used in capital and related financing activities	<u>(193,730)</u>	<u>(491,469)</u>
 Cash Flows From Non-Capital Financing Activities		
Interest paid on bonds and loans	(48,891,060)	(42,312,896)
Proceeds from bond issuances	118,218,431	126,399,423
Principal payments on issued debt and loans	(148,971,779)	(158,286,431)
Bond cost of issuance	-	(154,156)
Net cash used in non-capital financing activities	<u>(79,644,408)</u>	<u>(74,354,060)</u>

Statements of Cash Flows (continued)

Cash Flows From Investing Activities	2013	2012 (as restated)
Interest received on investments	2,350,205	3,283,380
Sale of investments	53,409,357	28,608,961
Purchase of investments	(34,228,969)	(26,330,545)
Arbitrage rebate paid	-	(107,439)
Net cash provided by investing activities	21,530,593	5,454,357
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(362,628)	(52,747,141)
Cash and cash equivalents, beginning of year	131,802,702	184,549,843
Cash and cash equivalents, end of year	<u>\$ 131,440,074</u>	<u>\$ 131,802,702</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	2013	2012 (as restated)
Operating income	\$ 3,903,722	\$ 9,692,964
Depreciation and amortization	245,364	228,255
Amortization of deferred items	(1,462,770)	(3,910,998)
Interest on bonds	48,891,060	42,312,896
Amortization of discount on investments	31,929	39,475

Statements of Cash Flows (continued)

Reconciliation of Operating Income to Net Cash Provided by Operating Activities (cont.)	2013	2012 (as restated)
Provision for uncollectible other revenue	14,124	14,449
Provision for uncollectible interest revenue	(299,664)	(48,990)
Contingent loss expense	613,060	1,407,966
Decrease (increase) in mortgage and construction loans	(5,212,339)	(95,095,485)
Decrease in mortgage-backed securities	57,954,578	64,522,380
Purchase of mortgage-backed securities	(626,966)	(11,153,800)
Arbitrage rebate paid	-	107,439
Decrease (increase) in fair value of investments	6,189	(26,294)
Interest received on investments	(2,350,205)	(3,283,380)
Decrease (increase) in assets:		
Receivables	1,082,183	129,987
Other current assets	86,247	(29,600)
Other receivables	(625,382)	(1,899,591)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(41,362)	1,031,702
Prepaid items	1,118,955	590,036
Project funds held for borrower and other liabilities	(44,546,589)	12,420,024
Accrued interest payable	(837,219)	(405,404)
Net cash provided by operating activities	\$57,944,917	\$16,644,031



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As of September 30, 2013

* Contractors

† Termed Employees



District of Columbia
Housing Finance Agency

815 Florida Avenue NW 202-777-1600
Washington, DC 20001 www.dchfa.org