



Creating Community Preserving Opportunity

2014 ANNUAL REPORT



CREATING COMMUNITY



PRESERVING OPPORTUNITY

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The District of Columbia Housing Finance Agency was created in 1979 to stimulate and expand homeownership and rental housing opportunities in Washington, D.C. Nearly four decades later, our mission remains the same, though our challenges are dramatically different.

In our early years, HFA worked to attract people to return to the District after racial upheaval dramatically transformed the City's demographics and shrank its overall population. Today, thousands of people are flocking to the City for economic opportunity, joining the hundreds of thousands who have been here for generations — making the District increasingly diverse, and demand for housing higher than ever.

Our Agency must now ensure opportunity for all in a changing Washington, D.C., by balancing the needs of a booming population with a decrease in available affordable housing. A citywide approach to financing affordable housing creates a more inclusive District of Columbia and communities where residents can thrive. To accomplish this, we use a creative and multi-faceted strategy, taking advantage of the District's rich history while clearing the way for its future through preservation and new construction.

The results have been nothing short of transformative and integral to the progress and evolution of Washington, D.C. HFA's impact can be seen and felt in all Wards across the City, through projects that translate into better lives for all of the District's citizens.

Their stories are our legacy, and our intertwined fates must be the foundation of our future.

DCHFA Board of Directors

Derek Ford, Chairman

Leila Batties, Vice Chairwoman

Charles R. Lowery, Jr., Member

Stanley Jackson, Member

M. Craig Pascal, Member

The District of Columbia Housing Finance Agency report for the fiscal year ending September 30, 2014, is respectfully submitted to:

The Honorable Muriel Bowser, 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 David Grosso, Councilmember At-Large

The Honorable Vincent Orange, Councilmember At-Large

The Honorable Elissa Silverman, Councilmember At-Large

The Honorable Brianne Nadeau, Councilmember, Ward 1

The Honorable Jack Evans, Councilmember, Ward 2

The Honorable Mary M. Cheh, Councilmember, Ward 3

The Honorable Brandon T. Todd, Councilmember, Ward 4

The Honorable Kenyan McDuffie, Councilmember, Ward 5

The Honorable Charles Allen, Councilmember, Ward 6

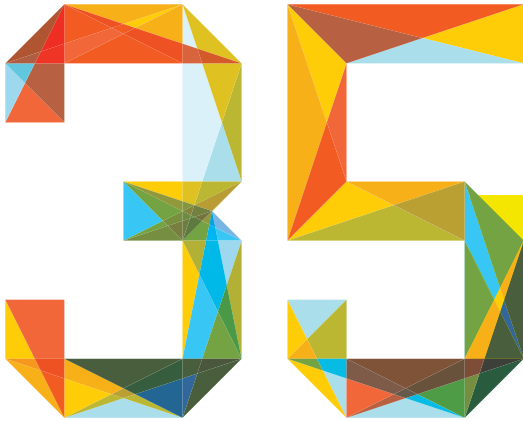
The Honorable Yvette Alexander, Councilmember, Ward 7

The Honorable LaRuby May, Councilmember, Ward 8



1996

The Council of the District of Columbia, Mayor, DC Control Board and U.S. Congress eliminated DCHFA's appropriated debt, allowing the Agency to finally be self-sufficient



Years of Affordability

1979

Legislation was passed by the Council of the District of Columbia and signed by the Mayor to create the DC Housing Finance Agency



1998

DCHFA purchased its headquarters at 815 Florida Avenue, NW; Received its first Issuer Credit Rating of BBB from Standard & Poor's

1983

DCHFA financed its first affordable multifamily housing development

1993

Land Development Program was established to provide management, inspection, monitoring and accounting services for public infrastructure construction

1994

Agency offered a mortgage interest rate of 6.5%, the lowest rate offered in Washington since the late 1960s

1999

The Home Resource Center was opened to provide free housing counseling to potential homebuyers

1995

Became one of the first housing finance agencies to be approved by the U.S. Department of Housing and Urban Development (HUD) for its Risk-Sharing Program

2001

Moody's Investors Service upgraded the Agency's Issuer Credit Rating to "A3"

2002

Initial website was launched

2003

Council of the District of Columbia approved legislation allowing DCHFA to own and develop property; A satellite Home Resource Center was opened to bring the homeownership message directly to residents east of the river

2004

Celebrated 25th year anniversary



2013

Received Issuer Credit Rating upgrade to "A"; DC Open Doors was launched to help first time homebuyers and homeowners looking to upgrade.

ble Housing Development

2005

DCHFA issued more than \$76 million in tax-exempt bonds to the DC Housing Authority to help rehab and modernize 6,858 public housing units

2009

Agency celebrated its 30th anniversary; Received Issuer Credit Rating upgrade to "A-" from Standard & Poor's; Partnered with Harvard University's Kennedy School of Government to analyze mixed-income development in the District

2007

Moved into financing affordable housing units within large redevelopment, mixed-income and mixed-use projects; Financed 100th affordable rental housing development in the District



2010

DCHFA is awarded over \$20 million to help District homeowners prevent foreclosures through the HomeSaver Program.



2008

Financed the first multifamily affordable housing project in the District to obtain both the Green Communities certification as well as a Leadership in Energy and Environmental Design (LEED) gold certification; DCHFA reaches \$1 billion mark in multifamily affordable housing finance in the District

2014

Celebrated 35th anniversary; Received Issuer Credit Rating upgrade to "A2"; HomeSaver II launches to help homeowners at risk of foreclosure due to delinquent real property taxes.



From the Board Chairman

DEREK FORD

It is with great pride that I chair the Board of Directors of the DC Housing Finance Agency as it marks its 35th year of providing affordable housing opportunities for the residents of the District of Columbia. For nearly 20 of those years, I have lived in this great City and have watched it transition from losing population to a population boom!

Chairing the board of this Agency coupled with my professional background in economic development provides me with a unique vantage point from which to view all of the progress that is being made across the City. Attracting commercial development to underserved neighborhoods can create sustainable and long term opportunities. In many neighborhoods, you now see amenities and retail that previously did not exist as little as 10 years ago when DCHFA celebrated its 25th anniversary. Cranes crowd the City's skyline as numerous residential, mixed use and commercial buildings are being constructed.

to save 696 unemployed and under-employed homeowners from losing their homes to foreclosure. In Fiscal Year 2014, the HomeSaver Phase II – Tax Lien Extinguishment Program was launched to assist homeowners at risk of foreclosure due to delinquent real property taxes.

These programs are just a few examples of how DCHFA responds to the constituency that it serves. These programs are impacting every Ward in the City.

In Fiscal Year 2014, the Agency provided funding to preserve and construct 1,009 units of affordable housing for seniors, families, veterans and homeless residents. It is imperative that existing affordable housing is retained, and that as the number of rental housing units in the District increases, affordable units are among them. The construction and preservation of affordable housing is crucial to maintaining a City that is economically and culturally diverse. During my tenure as Chairman of DCHFA's Board

With all of the economic progress, some of this sense of community has come undone. This is where an agency like DCHFA is critical to providing options for D.C.'s residents.

However, D.C. is also suffering growing pains. Many of the long-term residents of the neighborhoods that have been revitalized can no longer afford to live there and enjoy the renaissance. These are the people that have been the proverbial glue of these communities. With all of the economic progress, some of this sense of community has come undone. This is where an agency like DCHFA is critical to providing options for D.C.'s residents.

of Directors in Fiscal Year 2014, the Agency issued over \$195 million in long and short term tax-exempt housing mortgage revenue bonds and over \$43 million in low income housing tax credits to assist with increasing the supply of affordable housing.

For 35 years this Agency has addressed the housing needs of District of Columbia's residents. Its presence has contributed to the rich makeup of this City. In the years to come, I am certain that the Agency's role and legacy will continue to grow. I commend all of the members of the Agency's Board of Directors and the Agency's leadership and staff on 35 years of outstanding work and look forward to witnessing how the Agency advances its mission in the future.

Through the DC Open Doors program, below-market rate mortgage loans and down payment assistance is provided to residents that desire to purchase homes in the District. When the recession's impact resulted in a foreclosure crisis, the HomeSaver Phase I Program was available through the Agency's Single Family Division



From the Interim Executive Director
MARIA K. DAY-MARSHALL

When I think about the 35th anniversary of DCHFA, I think about all of the things we have done to fulfill our mission of preserving and increasing the supply of affordable housing in the City. It is a mission that is more important now than it has ever been before.

The landscape of the City is changing, with an increased demand for and decreased supply of safe, decent and affordable housing. I can recall a time, not long ago in the City's history, when we were begging people to live here. Today, thousands of residents head to the District each month for professional opportunities and are looking to call the City their home.

We want people of all incomes, all races and all creeds to have the opportunity to live anywhere in the District, and to not have their opportunities limited only to certain areas of the City.

As a native Washingtonian, it is a trend that I welcome, but it is also one that can be a challenge, as many of our longtime residents now find themselves wondering how much longer they will be able to call the City they love home as the cost of renting or buying a home here skyrockets.

I am proud to say that our Agency has helped thousands of low and moderate income families remain in the District, particularly at a time when the City is thriving. If DCHFA does not stand in the gap to help our citizens living on the margins, those who supported the City during hard times will not be part of Washington's growth and economic resurgence. Instead, only those who can afford market-rate prices will be able to have a District zip code.

We have seen the rise of gentrification in recent years — a phenomenon that would have been even greater without the intervention of DCHFA.

In this period of exponential growth in our City, our message to multifamily developers is this: You must integrate into your plans some measure of affordable housing so that people who have lived in these areas for decades are allowed to stay if they choose to.

As we have worked with developers, we have helped hundreds more prospective homebuyers move into the City and purchase permanent residences for themselves and their families — enabling people of all income levels to join the renaissance and become part of the next generation of Washingtonians, helping to build wealth and providing people with decent and safe homes in which to live.

We want people of all incomes, all races and all creeds to have the opportunity to live anywhere in the District, and to not have their opportunities limited only to certain areas of the City. Through our efforts, people with fewer resources are not isolated in clusters of low-quality housing, but are incorporated into mixed communities, uniting us as citizens.

Our approach has produced affordable housing in every Ward of this City, from the most neglected to the most sought-after neighborhoods in the District. In the past year, we have funded award-winning projects that are redefining the image of affordable housing and are, quite frankly, on par with the City's upper-income developments.

The results are reshaping the idea of community in our City and setting the standard for the future of progress in Washington for generations to come.

The work of providing affordable housing for all does not happen without the dedicated men and women of DCHFA. Their efforts have helped to transform the District of Columbia and assisted countless people who live and work here to call our City home.

FY 2014 BOARD OF DIRECTORS



Derek Ford
Chairman



Leila Batties
Vice-Chairwoman



Stanley Jackson
Member



Charles R. Lowery, Jr.
Member



M. Craig Pascal
Member

DCHFA STAFF

Office of Executive Director & CEO

Harry Sewell, Executive Director*

Maria K. Day-Marshall, Interim Executive Director

Allison Ladd, Associate Executive Director*

Nkosi Bradley, Director, Government Affairs

Lee Whack, Public Relations Manager*

Sandy Whitehorn, Executive Assistant*

Administration

Fran D. Makle, Deputy Executive Director

Heather Hart, Human Resources Officer

Jacqueline Reid, Procurement Officer

Marcus Thompson, Facilities Manager

Connell Young, Administrative Assistant

General Counsel

Maria K. Day-Marshall, General Counsel

Michael Winter, Deputy General Counsel

Tracy Parker, Associate General Counsel

Lillian Johnson, Records Administrator

Daniel Nuñez, Law Clerk

Public Finance

Anthony Waddell, Director

Edward Pauls, Senior Development Officer*

Denise Nelson, Development Officer*

Patience Dean, Development Analyst

Soheila (Sue) Ghazizadeh, Construction Engineer Monitor

Dante' Thomas, Development Officer*

Birol Yilmaz, Construction Engineer Monitor

Robin Moore, Administrative Assistant

Single-Family Programs

Carisa Stanley, Director*

Matthew Aliberti, Deputy Director*

Deborah Jones, Single Family Underwriter

Financial Management

Sergei Kuzmenchuk, Chief Financial Officer*

Tatsiana Kurlovich, Controller

Seyoum Gizaw, Bond Accountant

Brooks Harrison, Project Ledger Accountant

Yong Ki Kim, Accounting Manager

Shujoen Lin, Financial Analysis Manager

Gloria San-Gil, AP and Payroll Accountant

Abiy Tamrat, General Ledger Accountant

Valencia Anderson, Accounting Clerk

Compliance and Asset Management

Risha Williams, Director

Deborah Bonner, Asset Manager*

Charlene Clark, Asset Manager*

Jacqueline Langeluttig, Loan Servicer

Jeree Turlington, Financial Analyst

Tameka Webb, Compliance Coordinator*

An asterisk (*) indicates someone who is no longer employed by the Agency, but who was employed during FY 2014.

At the turn of the century, the District of Columbia reversed a 50-year trend as residents began flocking to the City.

Today, Washington's population is approaching a high not seen since the 1940s. This exponential growth presents a host of opportunities – and our mission is to ensure that all of the District's current and future residents are able to be a part of our City's progress.



MULTIFAMILY HOUSING

In fiscal year 2014, DCHFA issued a total of \$195 million in tax-exempt multifamily mortgage revenue bonds (MMRB). MMRBs coupled with \$43 million in tax credit equity underwritten by DCHFA, leveraged \$306,000,000 in total economic development activity – primarily for affordable housing. DCHFA closed seven transactions in FY 2014 which upon completion will create 884 newly constructed, and 124 rehabilitated units, in neighborhoods across the District of Columbia.

The majority of the multifamily housing that we finance is available to residents with incomes at or below 60 percent of the Area Median Income (AMI). In FY 2014, that number was \$107,000 for a family of four – meaning that families making \$64,200 or less were eligible.

DCHFA's Public Finance Division underwrites and manages the issuance of MMRBs. A sample of recently completed DCHFA financed projects follows:



Public Finance



Single Family Programs

Challenge: Where to look to build affordable housing in the District?

More than a century after it was first opened as a co-ed vocational school, the House of Lebanon now offers 78 units of affordable housing for residents over 55 years old, including more than a dozen units for residents with disabilities. Much of the character of the historic, four-story building has been preserved, including high ceilings and windows, and large staircases. Located in the Shaw-Truxton Circle area — one of the City's most in-demand neighborhoods — House of Lebanon is also convenient to public transportation and shopping.



PARK 7 AT MINNESOTA BENNING

Challenge: Where to build something modern, convenient — and affordable?

An old parking lot turned into the ideal location for nearly 400 units of affordable housing steps away from the Minnesota-Benning Metro Station. Located in historic Ward 7, Park 7 sits atop a ground floor of retail and is ideal for citizens who desire transit oriented apartments, with modern style and amenities, yet still are affordable.



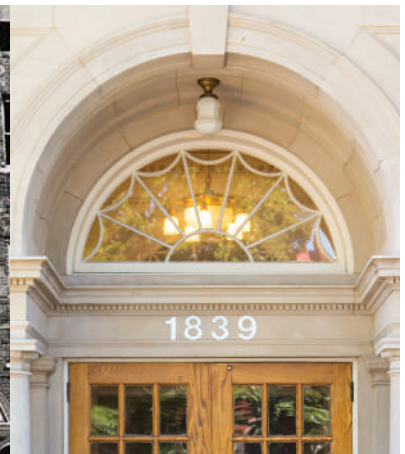
Compliance and Asset Management

THE WHITELAW APARTMENTS

Challenge: What does affordable housing look like in one of the City's hottest neighborhoods?



Office of Administration



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Built nearly a century ago by and for African-Americans, the Whitelaw Hotel received a much needed capital infusion. DCHFA financed a major renovation of the historic 35-unit building now known as the Whitelaw Apartments. Today, the building preserves its soul as a place of opportunity, providing affordable housing in one of the City's fastest-growing areas, the U Street corridor. With a stately facade that pays homage to its past, the Whitelaw blends historic charm with modern convenience.



SO OTHERS MIGHT EAT (SCATTERED SITE PHASE II)

Challenge: How to address the needs of the City's homeless population?

For 45 years, So Others Might Eat (SOME) has existed to help the District's poor and homeless. The interfaith, community-based organization offers comprehensive programming to meet the daily needs of people — including food, clothing, and health care – and long-term support such as affordable housing, job training, addiction treatment, and counseling for the poor, elderly, and individuals with mental illness.

SOME is working to fulfill its mission in part through a \$14.9 million DCHFA loan that financed the purchase and rehabilitation of three buildings in the Truxton Circle, Anacostia and Congress Heights neighborhoods of the City. The complete project consists of 101 housing units, with communal spaces on each floor and community rooms in each building.



Office of the Chief Financial Officer



TWELVE12 (THE YARDS)

Challenge: How to transform an industrial area into a residential neighborhood?

Named for the old neighboring Washington Navy Yard that was an industrial hub until World War II, the Twelve12 development sits on a portion of land which was once a wharf, sugar refinery, naval ordnance plant and brewery. The development is now home to a bustling retail district and residential developments that include affordable housing.



Office of the General Counsel

AWARD-WINNING PROPERTIES

Several of the multifamily developments funded by DCHFA in FY 2014 have been recognized locally, regionally and nationally.



BASS CIRCLE

Housing Association of Nonprofit Developers
Award: 2015 HAND Housing Achievement Award
Category: Best Large Affordable Housing Project



SO OTHERS MIGHT EAT SCATTERED SITE DEVELOPMENT, PHASE II, 216 NEW YORK AVENUE, NW

Affordable Housing Conference of Montgomery County
Award: 2015 Architectural Design Award
Category: Renovation



TWELVE12 (THE YARDS)

National Association of Local Housing Finance Agencies

Award: Multifamily Excellence Award

Category: 2015 Annual Conference Awards



HOUSE OF LEBANON

District of Columbia Historic Preservation Office

Award: Creative Housing Through Preservation

Category: Design and Construction

The Affordable Housing Tax Credit Coalition

Award: 21st Annual Charles L. Edson Credit
Excellence Award

Category: Senior Needs Housing

THE POWER OF HOME

Two veteran DCHFA employees know first-hand the Agency's transformative impact on the City and its residents.

When Valencia Anderson and Lillian Johnson come to work everyday, they do their jobs with decades of personal understanding of the impact DCHFA has had on thousands of residents – including both of them.

As the records administrator for DCHFA, Johnson maintains multifamily deal transcripts and is the institutional memory of the Agency. An employee for more than three decades, she remembers when many people living and working in Washington were unable to buy a home in certain parts of the City.

Without DCHFA's involvement, Johnson said, there would still be areas of the City inaccessible to many residents like her.

"I'm a middle-class mother, a single parent ... I couldn't afford a house," Johnson said. "There is unbelievable development. [DCHFA] is helping people to be able to purchase homes, save their homes, find an apartment."

Johnson said she often refers people to the Agency to take advantage of homebuyer assistance programs, which she sees as a pathway to homeownership for the middle class.

Anderson was a single mother with a 6-year-old daughter and had been working at DCHFA for just a few years when she purchased her home through an Agency program in 1999. Initially, she did not think homeownership was possible for her, because she did not have much money.

But through DCHFA, Anderson was able to receive down payment assistance and a five-year tax credit. More importantly, she was able to provide a better life for her young family.

"When you're a homeowner, that's a big thing," said Anderson, a lifelong Washingtonian who grew up in Northwest.

Anderson said she could not have realized this goal without help from DCHFA and knows that people who come to the Agency seeking help would be struggling without the Agency's assistance.

"They wouldn't even know how to get started," she explained. "They don't know who to speak with or what to do. You can call here and we connect you with resources and people."

Anderson said through DCHFA, she was also able to learn about the responsibility of homeownership and build a career. She began in 1991 as a receptionist, but within two weeks, someone noticed that she had accounting experience. Anderson has been an accounting clerk with the Agency for more than two decades.

As an employee and a prospective homeowner, DCHFA saw Anderson's potential. As a result, she said she has seen the difference the Agency has made in her life and the lives of many District residents.

"We had our own home, our own backyard, a driveway, a garage," Anderson said. "It gave me a real sense of accomplishment."



“We had our own home, our own backyard, a driveway, a garage,” Anderson said. “It gave me a real sense of accomplishment.”

Valencia Anderson, DCHFA accounting clerk

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Lillian Johnson, DCHFA records administrator





HOMESAVER PHASE II

Tax Lien Extinguishment Program

HomeSaver, a Hardest Hit Fund (“HHF”) Initiative, is a federally-funded program. In September 2010, DCHFA was awarded over \$20 million to help homeowners prevent foreclosures in the District of Columbia. The Agency has assisted nearly 700 households and 95 percent of homeowners have kept their homes 24 months after receiving assistance. This achievement earned the Agency the distinction of having the second-highest rate of allocation nationwide among HHF program administrators.

Building on the success of this initiative, DCHFA worked with the U.S. Department of the Treasury and the District of Columbia Office of Tax and Revenue to create the HomeSaver Phase II-Tax Lien Extinguishment Program. The program provides one-time assistance to eligible District of Columbia homeowners at risk of foreclosure due to delinquent real property taxes.

Bonita Mims discovered HomeSaver in 2013 as her unemployment benefits ran out and she found herself unable to pay the mortgage for the first time on a house that has been in her family for five decades.

“My aunt first purchased the property back in the 1960s,” said Mims. “When I came here to go to school at Howard, I would visit as a student. I love the location and it was always a dream of mine to buy the house from my aunt.” Mims — who took over the home in 2001 after her aunt passed away and spent years renovating it — didn’t want to lose the house her aunt had worked so hard to buy. But after being turned down for assistance from her credit union, she was unsure of how she could keep it.

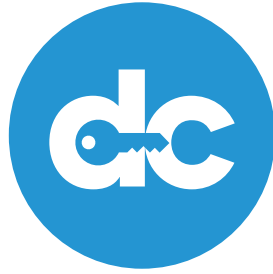
Mims found HomeSaver online through the City’s employment services website. “I couldn’t believe this existed,” she recalled. “I immediately filled out an application. The last thing I wanted to do was sell my house ... This program truly was a lifesaver for me.”

Mims was able to get the mortgage assistance she needed to pay for her house. She also soon found a job, but it didn’t pay enough to cover her property taxes. Again, she turned to HomeSaver – now in Phase II – for help, and was able to get assistance to cover her delinquent property taxes from 2014 and half of 2015.

“It gave me a little breathing room to pay my taxes in September,” Mims said. “There’s no way I would still have my house without this program.”

A photograph of a woman with curly hair, wearing a red tank top and light-colored pants, standing on the steps of a wooden front door. The house is made of yellow and brown bricks with dark wood window frames and a decorative cornice. A red semi-transparent overlay covers the middle of the image, containing a quote in white text. A faint geometric pattern is visible over the red area.

“The last thing I wanted to do was sell my house ... This program truly was a lifesaver for me.”



DC OPEN DOORS

When D.C. residents become homeowners, both the City and its citizens benefit. Families are stabilized. The City's tax base is increased. Continuity is created as residents are more likely to stay and are able to pass on wealth to future generations.

But the District's booming real estate market has driven up the price of homeownership – creating a hurdle for many working residents hoping to become homeowners. Recognizing the need to help more people make the District their home, DCHFA launched the DC Open Doors program. Open to both first-time and repeat homebuyers, the program has taken root across all neighborhoods.

Eligible buyers qualify with an income not exceeding \$125,580. In addition to competitive mortgage rates, down payment or closing cost assistance is available. The program has no imposed purchase price limits or target areas – translating into a more inclusive, affordable homeownership.

Stacie Gibbs used DC Open Doors to buy her first home in Southeast D.C. in 2014 and is one of the program's biggest supporters.

After finding out about the program through a Google search, Gibbs attended an informational session where she found a lender and learned about the options available for her to purchase a home. Within eight months, she was at the closing table and picking up her keys.

“The whole process was very easy; the hardest part was finding a house,” said Gibbs, a 37-year-old human resources specialist and native Washingtonian.

Now in its second year, DC Open Doors is a huge success. During fiscal year 2014 the program financed 227 single family mortgages totaling \$63,654,720. In all, since its inception in May 2013 through FY 2014, the program has produced 241 single family mortgages totaling \$67,115,658.

FACTS FROM DC OPEN DOORS FY 2014 AUDIT:

Number of Total Closed Loans	227
Total Dollar Amount of Closed Loans	\$63,654,720.00
Average Purchase Price	\$297,142.63
Average Loan Amount	\$284,931.50
Average Age of Potential Homebuyer	32
Average # in Household	1
Average Borrower Income	\$83,952.75



“The whole process was very easy; the hardest part was finding a house”

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, 2014 and 2013, 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, 2014 and 2013. We expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2014. The audited financial statements, and the summary financial statements derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements.

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 the accounting principles generally accepted in the United States of America. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements of District of Columbia Housing Finance Agency as of and for the years ended September 30, 2014 and 2013 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.



Baltimore, Maryland
September 16, 2015

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY STATEMENTS OF
NET POSITION SEPTEMBER 30, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Unrestricted current assets:		
Cash and cash equivalents	\$ 32,672,832	\$ 29,858,055
Mortgage and construction loans receivable	135,360	146,813
Other receivables	3,014,048	11,526,498
Accrued interest receivable	16,827	20,587
Prepaid fees	152,874	126,800
Total unrestricted current assets	35,991,941	41,678,753
Restricted current assets:		
Cash and cash equivalents	92,737,196	101,582,019
Mortgage-backed securities at fair value	10,694,801	8,021,310
Mortgage and construction loans receivable	22,372,780	23,393,796
Accrued interest receivable	3,824,798	4,540,313
Other receivables	66,248	60,755
Total restricted current assets	129,695,823	137,598,193
TOTAL CURRENT ASSETS	165,687,764	179,276,946
NON-CURRENT ASSETS		
Unrestricted non-current assets:		
Investments	3,216,887	3,361,379
Mortgage and construction loans receivable	5,073,864	249,921

(Continued)

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY STATEMENTS OF
NET POSITION SEPTEMBER 30, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Total unrestricted non-current assets	8,290,751	3,611,300
Restricted non-current assets:		
Investments held in trust	24,716,301	35,721,340
Mortgage-backed securities at fair value	95,081,007	119,606,044
Mortgage and construction loans receivable	676,887,853	652,774,882
Loans receivable	2,309,116	2,464,857
McKinney Act loans receivable	1,455,883	1,332,193
Total restricted non-current assets	800,450,160	811,899,316
Capital assets:		
Land	573,000	573,000
Property and equipment	3,971,449	3,955,985
Leasehold improvements	1,745,285	1,745,285
Less accumulated depreciation and amortization	(4,071,066)	(3,823,562)
Total capital assets, net	2,218,668	2,450,708
TOTAL NON-CURRENT ASSETS	810,959,579	817,961,324
TOTAL ASSETS	976,647,343	997,238,270
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized deferral on bond refundings	238,080	-
Total deferred outflows of resources	238,080	-

(Continued)

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY STATEMENTS OF NET POSITION -
CONTINUED SEPTEMBER 30, 2014 AND 2013

<u>LIABILITIES AND NET POSITION</u>	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 451,990	\$ 2,656,374
Accrued salary and vacation payable	285,024	267,889
Prepaid fees	996,426	1,182,997
Total current liabilities payable from unrestricted assets	1,733,440	4,107,260
Current liabilities payable from restricted assets:		
Accounts payable and accrued liabilities	48,727	64,982
Project funds held for borrower and other liabilities	61,509,007	53,678,950
Interest payable	6,782,997	8,803,336
Bonds payable	23,997,780	24,878,796
Certificates of participation	150,000	140,000
Total current liabilities payable from restricted assets	92,488,511	87,566,064
TOTAL CURRENT LIABILITIES	94,221,951	91,673,324
NON-CURRENT LIABILITIES		
Non-current liabilities payable from restricted assets:		
Bonds payable	791,371,623	815,927,766
Certificates of participation	500,000	650,000
Total non-current liabilities payable from restricted assets	791,871,623	816,577,766
TOTAL LIABILITIES	886,093,574	908,251,090
NET POSITION		
Net invested in capital assets	1,568,668	1,660,708
Restricted for:		
Bond Fund, collateral and Risk Share Program	32,915,936	34,532,184
McKinney Act Fund	8,645,549	8,576,551
Total restricted net position	41,561,485	43,108,735
Unrestricted net position	47,661,696	44,217,737
TOTAL NET POSITION	90,791,849	88,987,180
TOTAL LIABILITIES AND NET POSITION	\$ 976,885,423	\$ 997,238,270

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN
NET POSITION YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Investment interest income	\$ 1,247,223	\$ 1,966,344
Mortgage-backed security interest income	5,481,058	6,890,283
Interest on mortgage and construction loans	31,340,466	41,856,888
McKinney Act interest revenue	66,101	121,892
Application and commitment fees	283,132	300,813
Service project receipts	-	4,580,901
Other	17,856,302	14,123,543
Total operating revenues	56,274,282	69,840,664
OPERATING EXPENSES		
General and administrative	9,748,101	7,012,927
Personnel and related costs	4,450,169	4,278,160
Interest expense	35,345,822	47,752,731
Depreciation and amortization	247,504	245,364
Service project payments	-	4,581,667
Trustee fees and other expenses	4,217,805	2,066,093
Total operating expenses	54,009,401	65,936,942
OPERATING INCOME	2,264,881	3,903,722
NON-OPERATING REVENUES/EXPENSES		
Decrease in fair value of mortgage-backed securities	(460,212)	(8,125,357)
CHANGE IN NET POSITION	1,804,669	(4,221,635)
Net position, beginning of year	88,987,180	93,208,815
Net position, end of year	\$ 90,791,849	\$ 88,987,180

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Interest received on loans	\$ 31,880,350	\$ 42,380,964
Other cash receipts	63,474,867	110,444,368
Payments to vendors	(9,608,572)	(7,381,588)
Payments to employees	(4,431,360)	(4,242,460)
Net mortgage and construction loans (disbursements) receipts	(29,640,703)	(5,519,343)
Receipts of service project income	-	4,580,901
Payments of service project expenses	-	(4,581,667)
Principal and interest received on mortgage-backed securities	82,595,281	65,129,701
Purchase of mortgage-backed securities	(53,782,455)	(626,966)
Other cash payments	(36,130,385)	(142,238,993)
Net cash provided by operating activities	<u>44,357,023</u>	<u>57,944,917</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(15,464)	(58,730)
Payments of bonds and long-term debt	(140,000)	(135,000)
Net cash used in capital and related financing activities	<u>(155,464)</u>	<u>(193,730)</u>
Cash Flows From Non-Capital Financing Activities		
Interest paid on bonds and loans	(37,653,610)	(48,891,060)
Proceeds from bond issuances	132,337,473	118,218,431
Principal payments on issued debt and loans	(157,479,414)	(148,971,779)
Net cash used in non-capital financing activities	<u>(62,795,551)</u>	<u>(79,644,408)</u>
Cash Flows From Investing Activities		
Interest received on investments	1,441,419	2,350,205
Sale of investments	26,975,162	53,409,357
Purchase of investments	(15,852,635)	(34,228,969)
Net cash provided by investing activities	<u>12,563,946</u>	<u>21,530,593</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,030,046)	(362,628)
Cash and cash equivalents, beginning of year	131,440,074	131,802,702
Cash and cash equivalents, end of year	<u>\$ 125,410,028</u>	<u>\$ 131,440,074</u>

(Continued)

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 2,264,881	\$ 3,903,722
Depreciation and amortization	247,504	245,364
Amortization of deferred items	(1,397,996)	(1,462,770)
Interest on bonds	37,653,610	48,891,060
Amortization of discount on investments	39,958	31,929
Provision for uncollectible other revenue	19,445	14,124
Provision for uncollectible interest revenue	62,890	(299,664)
Contingent loss expense	1,863,122	613,060
Increase in mortgage and construction loans	(27,748,703)	(5,212,339)
Decrease in mortgage-backed securities	75,173,789	57,954,578
Purchase of mortgage-backed securities	(53,782,455)	(626,966)
Decrease in fair value of investments	27,003	6,189
Interest received on investments	(1,441,419)	(2,350,205)
Decrease (increase) in assets:		
Receivables	719,276	1,082,183
Other current assets	(26,075)	86,247
Other receivables	7,281,947	(625,382)
Increase (decrease) in liabilities:		
Accounts payables and accrued liabilities	(2,222,901)	(41,360)
Prepaid items	(186,571)	1,118,955
Project funds held for borrower and other liabilities	7,830,057	(44,546,589)
Accrued interest payable	(2,020,339)	(837,219)
Net cash provided by operating activities	\$ 44,357,023	\$ 57,944,917

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35 Years of Affordable Housing Development