INNOVATIVE SOLUTIONS IN AFFORDABLE HOUSING

DCHFA Fiscal Year 2017 Annual Report
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For 38 years, the District of Columbia Housing Finance Agency has been expanding homeownership and rental housing opportunities in Washington, D.C. The fulfilment of DCHFA’s mission continues to provide vital resources for people living in the District.

The Agency’s approach is to invest in the housing needs of District residents across several segments of the population. The Single Family Programs division provides mortgage assistance solutions for people that desire to become homeowners, foreclosure prevention and real property tax relief for those struggling to retain their homes. The Multifamily Lending and Neighborhood Investments unit funds multifamily developments that are transforming communities by preserving and modernizing existing apartment communities or building new developments that will provide quality rental units at affordable rates. The Housing Investment Platform partners with emerging local developers to build single family housing priced affordable to members of the District’s workforce. Portfolio and Asset Management monitors developments financed by DCHFA in order to track progress and ensure compliance with the Agency’s standards.

**DCHFA Board of Directors**

**BUWA BINITIE**, Chairman  
**STEPHEN M. GREEN**, Vice Chairman  
**STANLEY JACKSON**, Member  
**BRYAN “SCOTTIE” IRVING**, Member  
**SHEILA MILLER**, Member  
**TODD A. LEE**, Secretary

The District of Columbia Housing Finance Agency annual report for the fiscal year ending September 30, 2017, is respectfully submitted to:

The Honorable **MURIEL BOWSER**  
Mayor of the District of Columbia

The Honorable **PHIL MENDELSOHN**  
Council Chairman of the District of Columbia

The Honorable **KENYAN MCDUFFIE**  
Council Chair Pro Tempore (Ward 5)

The Honorable **ANITA BONDS**  
Councilmember At-Large

The Honorable **DAVID GROSSO**  
Councilmember At-Large

The Honorable **ELISSA SILVERMAN**  
Councilmember At-Large

The Honorable **ROBERT WHITE**  
Councilmember At-Large

The Honorable **BRIANNE NADEAU**  
Councilmember, Ward 1

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Councilmember, Ward 2

The Honorable **MARY M. CHEH**  
Councilmember, Ward 3

The Honorable **BRANDON T. TODD**  
Councilmember, Ward 4

The Honorable **CHARLES ALLEN**  
Councilmember, Ward 6

The Honorable **VINCENT L. GRAY**  
Councilmember, Ward 7

The Honorable **TRAYON WHITE**  
Councilmember, Ward 8
DCHFA uses social media to maintain an active online presence. It allows for engagement and the sharing of information about DCHFA’s programs, developments and activities as well as the sharing of housing industry news. The Agency is active on Facebook and Twitter and there are accounts for DC Open Doors on both platforms as well. During Fiscal Year 2017 the Agency launched the hashtag #DCHFAInnovates as a marker for the Agency’s new and innovative activities.
DCHFA in the News

In Fiscal Year 2017, DCHFA’s media presence included 41 published articles that ranged from profiles of the Executive Director/CEO, members of the Board of Directors, Agency financed developments, private and public financing partners and DCHFA programs in local and national publications. DCHFA was in the news every month of Fiscal Year 2017.
OUR AGENCY MESSAGE FROM BOARD CHAIRMAN BUWA BINITIE
Fiscal Year 2017 has been another incredible year in the District of Columbia. This year Washington, D.C. was named the world’s first LEED Platinum City for its sustainability efforts. The District, has more LEED certified square footage of commercial and residential projects per capita than any state in the nation. The District was selected as the 2017 winner of the prestigious Robert C. Larson Housing Policy Leadership Award by the Urban Land Institute (ULI). The award recognizes exemplary state and local programs that are using innovative strategies to produce, rehabilitate, or preserve workforce and affordable housing. Under Mayor Muriel Bowser’s leadership and commitment including a significant investment in the Housing Production Trust Fund, Washington, D.C. is addressing each segment of housing that the Larson Award recognizes.

The DC Housing Finance Agency remains a key partner in the City’s efforts to address the housing needs of its residents. For the third year, I have the distinction of serving as the Chairman of DCHFA’s Board of Directors. In this capacity I am a witness to the Agency’s innovative approach to creating and providing affordable housing solutions as well as economic development opportunities. In Fiscal Year 2017, the U.S. Department of Housing and Urban Development granted DCHFA approval to become a HUD Level I 50/50 Risk Share lender. There are only 35 housing finance agencies in the nation that participate in the program and now DCHFA is among them. The Multifamily Lending and Neighborhood Investments division moved the financing process for developers completely online with the launch of the electronic application. One of the most exciting events of FY 2017 was the groundbreaking at Elvans Road Townhomes, where DCHFA announced the creation of the Housing Investment Platform (HIP), at the site of its first development located in the Barry Farm neighborhood. Through HIP’s Single Family Investment Program, DCHFA is partnering with emerging developers to construct homes affordable to the District’s workforce. This model will not only create homeownership opportunities, it fosters the growth of Certified Business Enterprise developers (with Small Business Enterprise points) who will offer employment opportunities.

Homes constructed through HIP may be purchased using resources from DCHFA’s Single Family Programs division including the mortgage loan assistance program DC Open Doors and the Home Purchase Assistance Program (HPAP). Mayor Bowser named DCHFA as the co-administrator of HPAP during FY 2017. This is an example of the Agency’s integration of its resources to provide innovative housing options for homeownership in this City.

On behalf of the Board of Directors we commend DCHFA’s Executive Director/CEO and staff for its investment in the people and neighborhoods in the District of Columbia.
OUR AGENCY MESSAGE FROM EXECUTIVE DIRECTOR/CEO TODD A. LEE
The District of Columbia Housing Finance Agency concluded a year of innovation at the end of Fiscal Year 2017. Providing financing for affordable rental and homeownership opportunities are the Agency’s mission. It is our call to address the current housing climate in the District of Columbia. Last year the Deputy Mayor for Planning and Economic Development, Brian T. Kenner, cited that Washington, D.C. is now ranked as one of the top five places to live in the nation. The strong interest in our City has produced a historic boom in multifamily construction, with Bisnow naming the District among the top 10 cities in the nation issuing building permits to construct units. The City’s skyline is darted with cranes and visibly showcases this ranking. While we welcome new residents and celebrate the ongoing economic renaissance, we must also continue to ensure that our long-term residents and people at all economic levels can enjoy living in the District.

As demonstrated by Mayor Muriel Bowser’s $100 million annual allocation to the Housing Production Trust Fund and prioritizing affordable housing from the start of the administration, DCHFA is answering the Bowser administration’s call to create innovative solutions in affordable housing. In Fiscal Year 2017, the Agency issued $140,082,237 in bond financing to create and preserve 875 units of affordable rental housing across the District of Columbia, in an environment challenged by volatility due to the uncertainty in pricing of low income housing tax credits.

The Multifamily Lending and Neighborhood Investments division expanded its reach beyond bond financing this year with the creation of the Housing Investment Platform (HIP) and its Single Family Investment Program. Through HIP, the Agency is investing in the construction of housing that is affordable to the District’s workforce and built in emerging communities by local, emerging developers. The multifamily unit also invested in technology this year and launched an electronic financing application for developers seeking funds from DCHFA to construct affordable rental housing. DCHFA gained approval for the U.S. Department of Housing and Urban Development’s Level I 50/50 Risk Share program, making the Agency the only risk share lender in the District. The ability to operate as a risk share lender will allow for an expedited funding process for HUD insured financing, which in turn increases the speed of delivery of affordable apartment units.

DCHFA’s Single Family Programs continues to be a key resource for home buying in Washington, D.C. with the DC Open Doors mortgage loan assistance program and the Mortgage Credit Certificate. The DC Open Doors mortgage loan program facilitated the purchase of 161 homes in the District by providing $49,100,597 in mortgage loan financing. In its first year, $56,010,144 in Mortgage Credit Certificates was issued, providing an additional incentive to District homebuyers. The HomeSaver program expanded to provide restore assistance broadening the circumstances of which homeowners may qualify for the program beyond foreclosure and tax lien extinguishment. DCHFA was selected by the DC Department of Housing and Community Development as the co-administrator of the Home Purchase Assistance Program (HPAP) bringing another homeownership resource to the Agency. As the co-administrator of HPAP, the number of HPAP loans underwritten has increased, which means even more people are purchasing their first home. The Agency received 243 Notice of Eligibility HPAP applications and closed 38 loans for first-time homebuyers totaling $2,111,402 in loans funded in the first six months (March-September 2017) of operation as a co-administrator.

All of DCHFA’s initiatives are in support of and contribute to Mayor Bowser’s housing plan. As an Agency, we are fortunate to serve the community in a City that has committed substantial resources to affordable housing. The Agency’s success equals success for the residents of the District of Columbia and are supported by the Bowser administration, an active public and private affordable housing development community, and the Council of the District of Columbia, all of which have a shared interest in Washington, D.C. remaining a home for all to live and prosper.
All of DCHFA’s staff members contribute to advancing the Agency’s mission of providing and preserving affordable rental housing and home ownership opportunities in the District of Columbia. DCHFA’s Board of Directors provides leadership to the Agency’s staff in all of its endeavors.

FY 2017 DCHFA BOARD OF DIRECTORS

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Connell Young*
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INTERIM GENERAL COUNSEL
Tracy Parker
ASSOCIATE GENERAL COUNSEL
Daniel Nuñez*
ASSOCIATE GENERAL COUNSEL

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Shirley Boubert-Rumble*
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Christopher Miller
DIRECTOR, HOUSING INVESTMENTS
Martin Lucero*
DEVELOPMENT OFFICER
Carolyn Fischer*
MULTIFAMILY LOAN UNDERWRITER

Calvin V. Jones III
MULTIFAMILY LOAN UNDERWRITER
Bobvala Tengen*
MULTIFAMILY LOAN UNDERWRITER
Soheila Ghazizdeh
CONSTRUCTION ENGINEER/MONITOR
Birol Yilmaz
CONSTRUCTION ENGINEER/MONITOR
Kelley Brown
CONSTRUCTION COORDINATOR
Seyoum Gizaw, CPA
PROJECT BUDGET ANALYST
Jelani Whitt
ASSET MANAGER
Fredericka Earle
COMPLIANCE COORDINATOR

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FINANCE AND ACCOUNTING ANALYST
Abiy Tamrat
GENERAL LEDGER ACCOUNTANT
Trichelle A. Ekpe
AP AND SINGLE FAMILY PROGRAMS ACCOUNTANT
Valencia Anderson*
ACCOUNTING CLERK

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Deborah Jones*
SINGLE FAMILY PROGRAMS MANAGER
Bill Milko
BUSINESS DEVELOPMENT MANAGER
Zein B. Shukri
SENIOR UNDERWRITER
Chanita Haughton
LOAN PROCESSOR
Ebony Lane
LOAN PROCESSOR
Sherray Gibson*
ADMINISTRATIVE ASSISTANT

An asterisk (*) indicates someone who is no longer employed by the Agency, but who was employed during FY 2017.
In Fiscal Year 2017, DCHFA rebranded the Public Finance division as Multifamily Lending and Neighborhood Investments to more accurately reflect the division’s activities beyond the issuance of bond financing.

DCHFA issues tax-exempt housing mortgage revenue bonds to lower the costs of acquiring, constructing and rehabilitating multifamily rental housing. The Agency offers private for-profit and non-profit developers low-cost construction and permanent financing that supports the new construction, acquisition, and rehabilitation of affordable rental housing in the District.

**Multifamily FY 2017 Highlights**

In Fiscal Year 2017, DCHFA issued $140,082,237 in bond financing for the development or redevelopment of 875 affordable housing units in Wards 2, 4, 6, 7 and 8.

In addition to the tax exempt financing, DCHFA underwrote $68,287,731 in low income housing tax credit equity (LIHTC) to finance these projects.

**Projects Financed in FY 2017**

- Benning Heights (preservation)
- Deanwood Hills (new construction)
- Mapleview Flats (new construction)
- Maycroft Apartments (preservation)
- SOME Spring Road (preservation)
- South Capitol Multifamily/South Capitol Street Apartments (new construction)
- The Yards Parcel O2/Guild (new construction)
The construction of Bowen Flats in the Anacostia neighborhood ensures not only the continued availability of affordable housing in Ward 8 but offers modern housing that is accessible at affordable rates.

Bowen Flats consists of 41 one, two and three bedroom apartments in a newly constructed three-story building. The units are reserved for households earning up to 60 percent of the area median income (AMI).

Twenty parking spaces are available to residents at no cost. The project is located less than a mile from the Anacostia Metro station and is near the Barry Farm neighborhood.
Highland Dwellings (PRESERVATION)

Highland Dwellings has been brought into the modern era for the community’s current and future residents. Highland Dwellings was built in the Washington Highlands neighborhood of Ward 8 in 1942. The scope of work included the demolition of 7 of 59 existing buildings, complete rehabilitation of the remaining 52 buildings, construction of a new multifamily apartment building (24 units) and 2 community buildings.

The DC Housing Authority (DCHA) is the owner of Highland Dwellings. There are 208 public housing units at the property. The unit mix includes 51 one bedroom units, 79 two bedroom units, 51 three bedroom units, 6 four bedroom units, 10 five bedroom units, and 11 six bedroom units.

Tenants were relocated during the renovation. Returning residents found:

- New mechanical, plumbing, electrical, and heating/cooling systems.
- Installation of three outdoor playgrounds
- A community garden
- Updated unit interiors (kitchens & flooring), building exteriors, and landscaping

Available units will be leased at or below 60 percent of the AMI. The larger five and six bedroom units will be rented at the Fair Market Rent as set by HUD. The DCHA’s Moving to Work and Annual Contributions Contract subsidy will ensure tenants pay no more than 30 percent of their income as rent, these higher rents are allowed under the low income housing tax credit regulations.
Homestead Apartments
(PRESERVATION)

Projects Delivered in FY 2017

New developments are being built across the District of Columbia. However, it is just as important to maintain the quality and affordability of the City’s existing housing stock so that current residents are able to remain in their homes and enjoy a revitalized dwelling with amenities. The Jefferson Homestead People United Tenants Association exercised their rights under the District of Columbia’s Tenant Opportunity to Purchase Act (TOPA) in order to rehabilitate and maintain Homestead Apartments as affordable housing.

Eighty percent of the building’s 55 units are reserved for residents earning 60 percent or less of AMI. At the time of the renovation, the building was fully occupied. Tenants were temporarily relocated during the construction period and returned to renovated apartments; laundry facilities, secured common area entry, and 14 garage/secured parking spaces.
Homelessness is an issue that impacts every Ward in the District of Columbia and a large segment of this population is women. N Street Village Inc. is a District based nonprofit organization that owns and operates affordable housing for families and supportive housing for formerly homeless and/or low income women. Members of the Luther Place Memorial Church founded N Street Village in 1972 to provide services for Washington, D.C.’s expanding homeless population. The organization’s flagship eight story multifamily building underwent a major renovation.

The completed renovation consists of 95 units (increased from 93); 44 single room occupancy (SRO), 10 one bedroom, 32 two bedroom, and 9 three bedroom units. The SRO units will serve as permanent supportive housing (PSH) for formerly homeless women. The 44 PSH SRO units will be rent restricted to individuals earning at or below 30 percent of the AMI.

Operating subsidies from both the District’s Local Rent Supplement Program (37 units) and HUD’s Shelter Plus Care program (7 units) makes it possible for N Street Village to offer the units to this vulnerable segment of the community; affording these women clean, safe and sanitary shelter in a supportive environment.
The Hine North is a component of the 660,000 square foot transit oriented, mixed-use redevelopment of the former Hine Junior High School in Ward 6’s Capitol Hill neighborhood. Thirty-four units of housing will bring together seniors, age 55 and above, and residents without age restriction into an intergenerational community at The Hine North. Seventeen of the units are reserved for seniors. Living at The Hine North will give seniors access to modern affordable apartments in an amenity rich neighborhood, new retail options and access to the Eastern Market Metro station across Pennsylvania Avenue.
The Grove at Parkside
(NEW CONSTRUCTION)

The Grove at Parkside is bringing new vitality to Ward 7’s Kenilworth-Parkside neighborhood. The project is a newly constructed six story building housing 186 units, made up of 53 studios, 86 one bedroom, 36 two bedroom and 11 three bedroom apartments. An underground garage will contain 65 parking spaces that tenants may lease. The Grove is a 100 percent affordable development, with all units reserved for residents earning 60 percent or less of the AMI. Ten units will be further restricted to residents earning 30 percent or less of AMI.

The Grove is part of the redevelopment of a larger, 26 acre parcel of land. Plans for the site include the construction of 100 new townhouses, over 1,000 more rental and condominium units, and 750,000 square feet of retail and office space.
The Bixby is a part of the redevelopment of the Capitol Riverfront in Ward 6. The area has experienced a significant transformation in the past decade, driven by the development of the Capper/Carrollsburg HOPE VI Public Housing Revitalization Program (of which The Bixby is a part of).

The Capital Riverfront redevelopment includes the former Southeast Federal Center, the development of Nationals Stadium and surrounding lots into residences and office space, and the creation of the Anacostia Riverwalk Trail, Yards Park and Canal Park.

The Bixby is the fifth component of the Capper/Carrollsburg redevelopment to be financed by DCHFA. The previous transactions have resulted in the construction and lease-up of 386 affordable rental units. This project increases that total to 425 affordable rental units.

The completion of the affordable units is an important part of the goal to replace all of the former public housing units at Capper/Carrollsburg, so that former residents have the option of returning to the neighborhood.

The Bixby is a five story building that consists of 195 units of mixed income housing built above two levels of underground parking with 172 spaces. Thirty-nine units will be leased at or below 50 percent of the AMI. Previous residents of the Capper/Carrollsburg properties will have first priority for affordable units. The remaining 156 units will be rented at market rate. The unit mix consists of efficiency (13), one bedroom (148), two bedroom (20), three bedroom (10) and four bedroom (4) units.

The DC Housing Authority (DCHA) will provide rent subsidies for the 39 affordable units under the Moving to Work program (MTW). Moving to Work is a HUD program which allows DCHA to allocate capital grants and ongoing subsidies to new rental subsidy contracts.
West End Square 50
(MIXED-USE, MIXED-INCOME NEW CONSTRUCTION)

At West End Square, 55 affordable rental housing units, essential City services and recreation are combined in a single structure. Square 50 is the new home of DC Fire and EMS Engine No. 1, a new world-class squash facility and 55 affordable rental housing units in the West End neighborhood of Ward 2.

Fifty-two of the affordable housing units are set aside for households at or below 60 percent AMI, including three Permanent Supportive Housing units for households at or below 30 percent AMI. The building also includes six market rate units.
DCHFA Launches the Housing Investment Platform

DCHFA established the Housing Investment Platform as a platform for innovative investments that will increase the Agency’s support of the District of Columbia’s housing market outside of traditional bond and tax credit financing.

The HIP’s Single Family Investment Program provides joint venture capital to emerging developers for the creation of for-sale workforce housing in the District. In addition, the program fosters neighborhood stabilization, increasing the tax base and the projects will create employment opportunities through the construction of new homes.

In August 2017, DCHFA celebrated the groundbreaking at Elvans Road Townhomes, the first HIP development. DCHFA’s investment will contribute to the funding of the construction of the five single family townhomes that will be priced affordable to workforce families earning 80 percent of AMI. Homebuyers may use DCHFA’s DC Open Doors mortgage products, Mortgage Credit Certificate and/or the Home Purchase Assistance Program (HPAP) toward the purchase of the Elvans Road Townhomes. The 2,000 square foot homes will feature three bedrooms, gourmet kitchens and garage parking. The homes will be completed spring 2018.

The project represents an opportunity to stimulate development in a transitioning neighborhood before future developments are priced into the cost of housing. HIP is an extension of DCHFA’s mission of stimulating and providing expanded homeownership opportunities in Washington, D.C.
In March 2017, the DCHFA was approved by the U.S. Department of Housing and Urban Development for participation in its “Level I” HFA 50-50 Risk-Share 542 (c) program. This program is unique because it allows state housing finance agencies to access more-efficient capital that facilitates the production and preservation of more affordable housing units.

The Agency’s status as a Risk Share lender designates DCHFA as one of HUD’s top tier housing finance agencies in the nation. Only 35 housing finance agencies in the nation are approved to participate in the program.
Multifamily Development Program Parity Indenture

FHA-Insured Pass-Through Revenue Refunding Bonds (Multi-Family Development Program) Series 2017

Building upon the capabilities realized through participation in HUD’s 50-50 Risk Share program, the Agency created a master parity indenture. The parity indenture is a well-defined vehicle through which the Agency can take targeted financial action. The indenture gives DCHFA access to the institutional capital markets. The DCHFA utilizes this access to sell, and/or securitize DCHFA loans and bonds used to finance the construction or preservation of multifamily affordable housing. The end result is an efficient execution that benefits the development community, District residents, and the Agency alike.

On August 17, 2017 the Agency successfully closed the FHA-Insured Pass-Through Revenue Refunding Bonds (Multi-Family Development Program) Series 2017. It is the first series of bonds issued under DCHFA’s Multifamily Development Program Parity Indenture, with an issuance amount of $34,444,074.
DCHFA Introduces Multi-Family Online Application

DCHFA created the Multi-Family Lending Online Application to streamline the borrowing process, reduce the burden of physical submission and expedite the analysis for funding development projects. The application will accommodate requests for both tax exempt bonds (four percent low income housing tax credit) and McKinney Act Loans.

Launched in July 2017, the Agency developed the application to make it easier and more efficient for developers to conduct business with DCHFA, to increase the creation and preservation of affordable housing in the District of Columbia. Furthermore, the online application contributes to the City’s sustainability goals by providing a paperless process.
Portfolio and Asset Management

The Compliance and Asset Management division was moved to the Multifamily Lending and Neighborhood Investments division during Fiscal Year 2017. It is now known as Portfolio and Asset Management (PAM). Under the Multifamily umbrella, this allows for greater collaboration and continuity throughout the transaction’s life cycle.

DCHFA’s involvement in the developments financing extends beyond the closing table. PAM is responsible for monitoring all multifamily developments financed by DCHFA. PAM’s primary objective is to preserve and enhance the value of DCHFA financed assets and ensure safe, clean, and quality housing standards for residents that call these properties their homes.

As of the end of September 2017, DCHFA’s multifamily portfolio consisted of 152 multifamily properties with a total of 20,653 affordable rental units.

DCHFA’s portfolio includes all active and inactive multifamily loans and LIHTC developments for which the Agency provides compliance monitoring and support.

FY 2017 Compliance Data:
• Developments: 152
• Units: 20,653
DCHFA Development Project Honors

DCHFA Developments Honored by the Business and Housing Industry

Developments financed by the District of Columbia Housing Finance Agency were recognized by the business and housing community for affordable housing projects that serve Veterans (The John and Jill Ker Conway Residence) mixed-income (Sheridan Station) and mixed-use communities (The Beacon Center).

Award winning developments are located in Wards 4 (The Beacon Center), 6 (The John and Jill Ker Conway Residence) and 8 (Sheridan Station).

- **2016 WASHINGTON BUSINESS JOURNAL BEST REAL ESTATE DEALS FINALISTS**
  - The Beacon Center
  - The John and Jill Ker Conway Residence

- **2017 CREW (COMMERCIAL REAL ESTATE WOMEN) DC AWARDS**
  - Placemaking Award Finalist
  - The John and Jill Ker Conway Residence

- **2017 HAND HOUSING ACHIEVEMENT AWARDS**
  - Best Large Affordable Housing Project: Sheridan Station, William C. Smith
Single Family Programs
FY 2017 Highlights

- DCHFA was named the co-administrator of HPAP
- DC Open Doors’ maximum applicant income increased to $132,360
- DCHFA offered $1,500 Closing Cost Grants (16 grants awarded)
- DC Open Doors’ Program added Freddie Mac’s Super Conforming Mortgages, with a maximum loan limit of $636,150

DCHFA’s Single Family Programs division manages the Agency’s homeownership programs with the goal of expanding and retaining homeownership opportunities in the District through the DC Open Doors mortgage loan programs, down payment assistance loans, the Mortgage Credit Certificate program, the HomeSaver Foreclosure Prevention Program and the Home Purchase Assistance Program (HPAP).

DC Open Doors FY 2017 Highlights

Funded 161 mortgage loans in an amount of $49,100,597 along with $1,326,051 in down payment assistance loans for a total of $50,426,648 in financing.

- Number of Total Closed Loans: 161
- Average Purchase Price: $317,983
- Average Loan Amount: $315,456
- Average Age of Prospective Homebuyer: 34
- Average Number in Household: 4
- Average Borrower Income: $88,590
DC Open Doors Mortgage Assistance Loans by Ward

WARD 1
15

WARD 2
9

WARD 3
13

WARD 4
13

WARD 5
18

WARD 6
15

WARD 7
54

WARD 8
24
During Fiscal Year 2016, DCHFA’s Single Family Programs Division launched the Mortgage Credit Certificate (MCC) program. In FY 2017 DCHFA issued 173 MCCs on a total of $56,010,144 first trust loans:

- 104 ($31,810,095) w/DC Open Doors loans
- 69 ($24,200,049) Stand Alone MCCs

The Mortgage Credit Certificate is another incentive for home purchasers in the District of Columbia; a Mortgage Credit Certificate provides qualified borrowers the ability to claim a Federal Tax Credit of 20 percent of the mortgage interest paid during each calendar year. The remaining 80 percent of mortgage interest paid for that year may still be claimed as a tax deduction. A tax credit has the potential to put more money in the homeowner’s pocket than a tax deduction alone.
MCC Guidelines

- Borrowers must be first time homebuyers
- Must not have had an ownership interest in a principle residence within the most recent three year period
- Exception for residences purchased in a Targeted Area or Veteran’s utilizing a one-time exception
- Maximum borrower income is based upon household income, currently $132,360 (family of two or less) and $154,420 (family of three or more)
- Acquisition costs (sales price) may not exceed program limits, currently $585,713 (non-targeted area) and $715,872 (targeted area)
- Single Family residences, only (no 2-4 unit properties or co-ops)

DCHFA’s MCCs may be purchased in conjunction with a DC Open Doors loan program product or other loan program products not offered through the DC Open Doors loan program.
In 2011, after serving six terms in the Kansas House of Representatives, Delia Garcia moved to Washington, D.C., to expand her work as a public servant nationally in “the political mecca of the world.” The Wichita, Kansas native decided to make the District of Columbia her home. After years of renting throughout her adult life, Delia became a homeowner with the assistance of DC Open Doors and a Mortgage Credit Certificate. Two days before Christmas 2016 Delia closed on her home in Ward 7’s Kingman Park.

Delia recounts her love for Washington, D.C. and her home buying experience in this Q&A:
How long were you interested in becoming a homeowner?
I was interested in becoming a homeowner in the recent last two years, but never believed it was possible at first until my friend Lucero told me about local resources and opportunities.

Why did you decide to purchase a home?
I chose to purchase a home because it made the most sense to invest in my own property, as opposed to investing in someone else’s investment by renting from them.

Why did you want to become a Washington, D.C. homeowner?
I wanted to be close to the political action of the world, with a dash of energetic and eclectic neighborhoods and small business options in walking distance, it made sense to make this City home.

How did you become aware of DC Open Doors?
I became aware of DC Opens Doors through the Latino Economic Development Center (LEDC) Home Owner Workshop & Community Table in Columbia Heights. After learning about it, I then attended my first Information Session on October 19, 2016 at DCHFA. I was enamored and inspired from that moment on.

Why did you choose to use DC Open Doors to purchase your home?
I learned they could help me with my down payment and with the MCC. I will admit, I thought what they were offering was too good to be true and tried to figure out what the catch was. I asked many questions and learned this was all legit and I would be crazy to pass this opportunity up. This dream of buying my first home in D.C. became real after attending that Information Session in October 2016.

How was it advantageous to you to use DC Opens Doors and an MCC?
It was advantageous to use DC Opens Doors because they helped me by thoroughly walking me through their program process so I could choose what best option to use for my down payment assistance and taking advantage of the amazing opportunity of the MCC Program. This was one of my top highlight opportunities to take advantage of with DC Opens Doors. At first I thought I misunderstood because it was too good to be true to receive interest back over five years.

Would you encourage others to use DC Open Doors? Explain why.
I want others to know about these amazing opportunities (DC Open Doors) especially for people like me (Latina, young professional, and independent). I’ve bragged about it to my friends, and now I have three friends beginning their process!

What does being a homeowner mean to you?
Being a D.C. homeowner means to me that I have made it to another level of success. I want to pinch myself sometimes still that I really own my own home in East Capitol Hill.

What advice would you give to someone that is interested in buying a home in Washington, D.C.?
My advice to someone that’s interested in buying a home in D.C. is to first get on the Facebook page of DC Opens Doors and find out when the next Information Session is and attend it, because learning it all makes it become more real and possible. I’d also recommend attending a DC First Time Home Buyer Workshop at LEDC to learn which programs you qualify for and could possibly combine.
DCHFA administers its HomeSaver program through funds awarded to the Agency by the U.S. Department of the Treasury’s Hardest Hit Fund Program (or “HHF”) the Agency’s foreclosure prevention program for District of Columbia homeowners.

Since the program’s inception in 2010, it has continuously evolved to address the needs of homeowners in the District of Columbia. 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.

Again, DCHFA recognized that the needs of this at-risk population went beyond payment of delinquent real estate taxes. The observation resulted in the expanded scope of HomeSaver II-Tax Lien Extinguishment Program to the HomeSaver II Restore Assistance Program. HomeSaver Restore provides a one-time payment of up to $60,000 to “catch-up” on multiple delinquent property related expenses such mortgage payments, real property tax, homeowner association fees, condo fees, hazard insurance, legal fees and residents at risk of foreclosure on their reverse mortgages due to unpaid tax and/or insurance obligations.
SINGLE FAMILY PROGRAMS

INNOVATIVE SOLUTIONS IN AFFORDABLE HOUSING • DCHFA FY 2017 ANNUAL REPORT • 35

HOMESAVER RESTORE PROGRAM REQUIREMENTS:

• The Homeowner’s property-related delinquency must be greater than $2,500;
• The Homeowner must have experienced an eligible involuntary financial hardship resulting in reduced income due to change in employment, medical hardship, death of a spouse/co-borrower, divorce or disability;
• If a default is cured, the Homeowner must be able to afford future payments without additional assistance
• The Homeowner(s) gross income cannot exceed 120 percent Area Median Income (or $132,360);
• The Homeowner’s total housing expense payment must be 38 percent of gross income or less;

“Thank God for the DCHFA HomeSavers program. My representative Miss Carr and Vicki at Answer Title were very patient. After losing a job that I had for 22 years, this was really a blessing!”

HomeSaver FY 2017 Highlights

- HomeSaver assisted 78 homeowners at risk of foreclosure with $1,378,685 expended in funding.
- The maximum loan amount for Mortgage Payment Assistance was also increased to $60,000.
Home Purchase Assistance Program (HPAP)

HPAP FY 2017 Highlights

- Number of Total Closed Loans: 89
- Average Purchase Price: $279,731
- Average Loan Amount: $59,036
- Average Age of Prospective Homebuyer: 36
- Average Household Size: 1.91
- Average Household Income: $52,257

In 2016, Mayor Muriel Bowser announced several enhancements to the Home Purchase Assistance Program (HPAP), including increased financial assistance and longer loan payback periods, giving District residents who are first-time homebuyers more purchasing power and a greater pathway to homeownership. In addition, Mayor Bowser announced that the DC Department of Housing and Community Development had selected DCHFA as the co-administrator of HPAP. The Agency joined the Greater Washington Urban League and began operations as HPAP co-administrator on March 1, 2017. DCHFA closed its first HPAP loan in June 2017. The Agency received 243 Notice of Eligibility Applications and closed loans for 38 first-time homebuyers for a total of $2,111,402 in Fiscal Year 2017.

HPAP provides down payment and closing cost assistance in the form of interest free loans to qualified applicants for the purchase of their primary residence, to include single family homes, condominiums, or cooperative units in the District.

HPAP Loans by Ward
DCHFA Closes First HPAP Loan for Home Purchase Assistance

Ward 7 residents Leonidas Saturria Rosario and Lurden Martinez de Saturria were the first homebuyers to receive assistance from HPAP since DCHFA became the program's co-administrator. After more than five years of living in a small apartment with their three children, Lurden and Leonidas are now the proud owners of a four level townhome in Ward 7’s Deanwood neighborhood.

“We are happy and satisfied that our prayers of being homeowners have been answered,” stated Martinez de Saturria, We won’t be priced out of the market and can afford to stay in D.C. thanks to HPAP.”

DCHFA’s service as a co-administrator of HPAP allows the Agency to serve more first-time homebuyers and make a greater contribution to homeownership in Washington, D.C.
Independent Auditor’s Report

To the Board of Directors
District of Columbia Housing Finance Agency

We have audited the accompanying financial statements 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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 and 2016, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 6 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency’s basic financial statements. The supplemental information on pages 53 through 85 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2018, on our consideration of the District of Columbia Housing Finance Agency of the Government of the District of Columbia’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District of Columbia Housing Finance Agency’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District of Columbia Housing Finance Agency of the Government of the District of Columbia’s internal control over financial reporting and compliance.

Baltimore, Maryland
January 16, 2018
# Financial Statement

## District of Columbia Housing Finance Agency

### Statements of Net Position

**September 30, 2017 and 2016**

<table>
<thead>
<tr>
<th>Assets</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$52,441,678</td>
<td>$51,035,521</td>
</tr>
<tr>
<td>Investments</td>
<td>606,044</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>3,920,531</td>
<td>2,347,015</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>195,329</td>
<td>40,912</td>
</tr>
<tr>
<td>Prepaid fees</td>
<td>116,487</td>
<td>197,294</td>
</tr>
<tr>
<td><strong>Total unrestricted current assets</strong></td>
<td>$57,280,069</td>
<td>$53,620,742</td>
</tr>
<tr>
<td>Restricted current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>121,523,730</td>
<td>150,290,693</td>
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<tr>
<td>Accounts receivable - HPAP program</td>
<td>1,432,419</td>
<td>-</td>
</tr>
<tr>
<td>Investments held in trust</td>
<td>32,989,304</td>
<td>-</td>
</tr>
<tr>
<td>Mortgage-backed securities at fair value</td>
<td>7,050,476</td>
<td>6,102,222</td>
</tr>
<tr>
<td>Mortgage and construction loans receivable</td>
<td>22,206,050</td>
<td>68,090,519</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>4,904,939</td>
<td>3,890,528</td>
</tr>
<tr>
<td><strong>Total restricted current assets</strong></td>
<td>$190,106,918</td>
<td>$228,373,962</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>$247,386,987</td>
<td>$281,994,704</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted non-current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>3,026,869</td>
<td>3,349,229</td>
</tr>
<tr>
<td>Mortgage and construction loans receivable</td>
<td>4,975,000</td>
<td>4,980,313</td>
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<tr>
<td><strong>Total unrestricted non-current assets</strong></td>
<td>$8,001,869</td>
<td>$8,329,542</td>
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<tr>
<td>Restricted non-current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments held in trust</td>
<td>10,562,286</td>
<td>51,006,017</td>
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<tr>
<td>Investments in joint ventures</td>
<td>540,931</td>
<td>-</td>
</tr>
<tr>
<td>Mortgage-backed securities at fair value</td>
<td>50,318,056</td>
<td>60,436,842</td>
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<tr>
<td>Mortgage and construction loans receivable</td>
<td>1,051,167,923</td>
<td>974,279,886</td>
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<tr>
<td>Loans receivable</td>
<td>3,952,505</td>
<td>1,967,711</td>
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<tr>
<td>McKinney Act loans receivable</td>
<td>1,290,402</td>
<td>2,982,470</td>
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<tr>
<td><strong>Total restricted non-current assets</strong></td>
<td>$1,117,832,103</td>
<td>$1,090,672,926</td>
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<tr>
<td><strong>Capital Assets:</strong></td>
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<td></td>
</tr>
<tr>
<td>Land</td>
<td>573,000</td>
<td>573,000</td>
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<tr>
<td>Property and equipment</td>
<td>6,416,376</td>
<td>5,798,275</td>
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<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(4,568,499)</td>
<td>(4,429,031)</td>
</tr>
<tr>
<td><strong>Total capital assets, net</strong></td>
<td>$2,420,877</td>
<td>$1,942,244</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>$1,128,254,849</td>
<td>$1,100,944,712</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$1,355,641,836</td>
<td>$1,282,939,416</td>
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</tbody>
</table>

### Deferred Outflows of Resources

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unamortized deferral on bond refundings</td>
<td>$215,674</td>
<td>$224,734</td>
</tr>
<tr>
<td><strong>Total deferred outflows of resources</strong></td>
<td>$215,674</td>
<td>$224,734</td>
</tr>
</tbody>
</table>
## District of Columbia Housing Finance Agency
### Statements of Net Position (Continued)
#### September 30, 2017 and 2016

### Liabilities and Net Position

<table>
<thead>
<tr>
<th>Liabilities and Net Position</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities payable from unrestricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$288,076</td>
<td>$625,272</td>
</tr>
<tr>
<td>Accrued salary and vacation payable</td>
<td>279,498</td>
<td>192,814</td>
</tr>
<tr>
<td>Prepaid fees</td>
<td>1,513,314</td>
<td>2,172,329</td>
</tr>
<tr>
<td><strong>Total current liabilities payable from unrestricted assets</strong></td>
<td>2,080,888</td>
<td>2,990,415</td>
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<tr>
<td>Current liabilities payable from restricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>43,873</td>
<td>44,471</td>
</tr>
<tr>
<td>Project funds held for borrower and other liabilities</td>
<td>111,085,298</td>
<td>119,389,068</td>
</tr>
<tr>
<td>Interest payable</td>
<td>6,756,852</td>
<td>6,848,048</td>
</tr>
<tr>
<td>Current portion of loan payable</td>
<td>8,710,532</td>
<td>8,234,840</td>
</tr>
<tr>
<td>Current portion of bonds payable</td>
<td>21,568,523</td>
<td>68,808,250</td>
</tr>
<tr>
<td><strong>Total current liabilities payable from restricted assets</strong></td>
<td>148,165,078</td>
<td>203,324,677</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>150,245,966</td>
<td>206,315,092</td>
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<tr>
<td><strong>Non-current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities payable from restricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable - less current portion</td>
<td>1,112,408,793</td>
<td>1,072,113,218</td>
</tr>
<tr>
<td><strong>Total non-current liabilities payable from restricted assets</strong></td>
<td>1,112,408,793</td>
<td>1,072,113,218</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,262,654,759</td>
<td>1,278,428,310</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net invested in capital assets</td>
<td>2,420,877</td>
<td>1,942,244</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Fund, collateral and Risk Share Program</td>
<td>28,863,175</td>
<td>30,144,621</td>
</tr>
<tr>
<td>McKinney Act Fund</td>
<td>7,638,929</td>
<td>5,863,116</td>
</tr>
<tr>
<td><strong>Total restricted net position</strong></td>
<td>36,502,104</td>
<td>36,007,737</td>
</tr>
<tr>
<td><strong>Unrestricted net position</strong></td>
<td>74,279,770</td>
<td>66,785,859</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>113,202,751</td>
<td>104,735,840</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Position</strong></td>
<td>$1,375,857,510</td>
<td>$1,383,164,150</td>
</tr>
</tbody>
</table>
## DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

### STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

The accompanying notes are an integral part of these financial statements.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment interest income</td>
<td>$2,009,159</td>
<td>$1,233,792</td>
</tr>
<tr>
<td>Mortgage-backed security interest income</td>
<td>3,124,359</td>
<td>3,300,301</td>
</tr>
<tr>
<td>Interest on mortgage and construction loans</td>
<td>42,563,900</td>
<td>37,296,196</td>
</tr>
<tr>
<td>McKinney Act interest revenue</td>
<td>342,930</td>
<td>95,437</td>
</tr>
<tr>
<td>Application and commitment fees</td>
<td>283,856</td>
<td>199,648</td>
</tr>
<tr>
<td>Other</td>
<td>30,508,783</td>
<td>31,984,436</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>78,832,987</strong></td>
<td><strong>74,109,810</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>18,205,393</td>
<td>17,531,637</td>
</tr>
<tr>
<td>Personnel and related costs</td>
<td>5,871,029</td>
<td>4,702,747</td>
</tr>
<tr>
<td>Interest expense</td>
<td>42,813,074</td>
<td>38,085,821</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>139,468</td>
<td>145,227</td>
</tr>
<tr>
<td>Trustee fees and other expenses</td>
<td>1,686,432</td>
<td>2,647,713</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>68,715,396</strong></td>
<td><strong>63,113,145</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>10,117,591</strong></td>
<td><strong>10,996,665</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES/EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal programs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenue</td>
<td>2,402,133</td>
<td>-</td>
</tr>
<tr>
<td>Program expenses</td>
<td>(2,259,123)</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in fair value of mortgage-backed securities</td>
<td>(1,793,690)</td>
<td>(3,382,723)</td>
</tr>
<tr>
<td><strong>Total non-operating revenues/expenses</strong></td>
<td><strong>(1,650,680)</strong></td>
<td><strong>(3,382,723)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CHANGE IN NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net position, beginning of year</td>
<td>104,735,840</td>
<td>97,121,898</td>
</tr>
<tr>
<td><strong>Net position, end of year</strong></td>
<td><strong>$113,202,751</strong></td>
<td><strong>$104,735,840</strong></td>
</tr>
</tbody>
</table>
DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received on loans</td>
<td>$ 42,906,830</td>
<td>$ 37,198,931</td>
</tr>
<tr>
<td>Other cash receipts</td>
<td>30,288,030</td>
<td>130,936,700</td>
</tr>
<tr>
<td>Payments to vendors</td>
<td>(20,721,504)</td>
<td>(19,006,889)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(5,784,345)</td>
<td>(4,823,996)</td>
</tr>
<tr>
<td>Net mortgage and construction loans (disbursements) receipts</td>
<td>(31,290,981)</td>
<td>(171,651,544)</td>
</tr>
<tr>
<td>Principal and interest received on mortgage-backed securities</td>
<td>9,332,374</td>
<td>72,869,206</td>
</tr>
<tr>
<td>Payment for the purchase of mortgage-backed securities</td>
<td>-</td>
<td>(64,231,326)</td>
</tr>
<tr>
<td>Other cash payments</td>
<td>(10,748,410)</td>
<td>(85,454,873)</td>
</tr>
<tr>
<td><strong>Net cash provided by / (used in) operating activities</strong></td>
<td><strong>13,981,994</strong></td>
<td><strong>(104,163,792)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Capital and Related Financing Activities</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>(618,101)</td>
<td>(87,912)</td>
</tr>
<tr>
<td><strong>Net cash used in capital and related financing activities</strong></td>
<td><strong>(618,101)</strong></td>
<td><strong>(87,912)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid on bonds and loans</td>
<td>(43,483,154)</td>
<td>(38,592,941)</td>
</tr>
<tr>
<td>Proceeds from bond issuances and loans</td>
<td>195,326,048</td>
<td>279,758,869</td>
</tr>
<tr>
<td>Principal payments on issued debt and loans</td>
<td>(201,206,564)</td>
<td>(99,442,437)</td>
</tr>
<tr>
<td><strong>Net cash (used in) / provided by non-capital financing activities</strong></td>
<td><strong>(49,363,670)</strong></td>
<td><strong>141,723,491</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Investing Activities</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of joint ventures</td>
<td>(540,931)</td>
<td>-</td>
</tr>
<tr>
<td>Interest received on investments</td>
<td>2,009,159</td>
<td>1,268,355</td>
</tr>
<tr>
<td>Sale of investments</td>
<td>19,859,082</td>
<td>6,620,461</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(12,688,339)</td>
<td>(42,488,396)</td>
</tr>
<tr>
<td><strong>Net cash provided by / (used in) investing activities</strong></td>
<td><strong>8,638,971</strong></td>
<td><strong>(34,599,580)</strong></td>
</tr>
</tbody>
</table>

NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>201,326,214</td>
<td>198,454,007</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$ 173,965,408</td>
<td>$ 201,326,214</td>
</tr>
</tbody>
</table>
Reconciliation of Operating Income to Net Cash Provided by / (Used in) Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$10,117,591</td>
<td>$10,996,665</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>139,468</td>
<td>145,227</td>
</tr>
<tr>
<td>Amortization of prepaid items, premiums and discounts on debt</td>
<td>(578,884)</td>
<td>(2,035,712)</td>
</tr>
<tr>
<td>Interest on bonds/loans</td>
<td>43,483,154</td>
<td>38,592,941</td>
</tr>
<tr>
<td>Amortization of premium on investments</td>
<td>(578,884)</td>
<td>(2,035,712)</td>
</tr>
<tr>
<td>Provision for uncollectible interest revenue</td>
<td>(34,395)</td>
<td>(37,718)</td>
</tr>
<tr>
<td>Contingent loss expense</td>
<td>-</td>
<td>1,708,934</td>
</tr>
<tr>
<td>Increase in mortgage and construction loans</td>
<td>(31,290,981)</td>
<td>(172,049,355)</td>
</tr>
<tr>
<td>Decrease in mortgage-backed securities</td>
<td>7,376,843</td>
<td>6,280,106</td>
</tr>
<tr>
<td>Purchases of mortgage-backed securities</td>
<td>-</td>
<td>(302,127)</td>
</tr>
<tr>
<td>Increase in fair value of investments</td>
<td>(194,061)</td>
<td>(20,297)</td>
</tr>
<tr>
<td>Interest received on investments</td>
<td>(2,009,159)</td>
<td>(1,268,355)</td>
</tr>
<tr>
<td>Asset / (liability) adjustment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>(1,181,317)</td>
<td>(226,019)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>-</td>
<td>(52,786)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>(3,016,865)</td>
<td>(254,027)</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>224,581</td>
<td>78,419</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>(659,015)</td>
<td>1,098,513</td>
</tr>
<tr>
<td>Project funds held for borrower and other liabilities</td>
<td>(8,303,770)</td>
<td>12,887,028</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>(91,196)</td>
<td>277,370</td>
</tr>
<tr>
<td><strong>Net cash provided by / (used in) operating activities</strong></td>
<td><strong>$13,981,994</strong></td>
<td><strong>($104,163,792)</strong></td>
</tr>
</tbody>
</table>