reimagine DCHFA

the reimagined DCHFA

DCHFA FISCAL YEAR 2018 ANNUAL REPORT

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DISTRICT OF COLUMBIA
HFA
HOUSING FINANCE AGENCY
HFA
DC HOUSING FINANCE AGENCY

ouragency

For 39 years, the District of Columbia Housing Finance Agency has been expanding and creating homeownership and affordable rental housing opportunities in Washington, D.C.

DCHFA's focus has advanced to providing innovative financing solutions in affordable housing to District residents. In Fiscal Year 2018, the Agency expanded existing programs (HomeSaver), delivered new developments outside of DCHFA's traditional role (Housing Investment Platform [HIP]), and implemented a Community Engagement Initiative.

As a result, DCHFA's management developed a new mission statement and set of Agency values. The Agency completed its rebranding by introducing a new logo, seal and website to reflect the current innovative and forward focus of DCHFA.

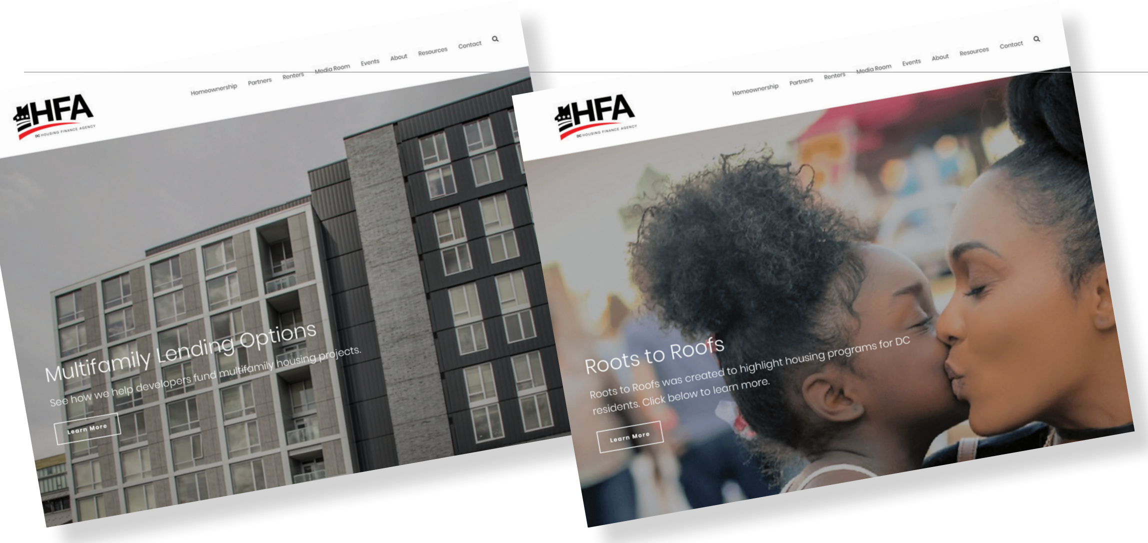
our**mission**

To advance the District of Columbia's housing priorities, the agency **invests in affordable housing** and **neighborhood development**, which **provides pathways** for DC residents to **transform their lives**.

We achieve this by **delivering** the **most efficient** and **effective sources** of capital available in the market to **finance rental housing** and to **create homeownership opportunities**.

our**values**

leadership
excellence
community focus
integrity
collaboration
innovation



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, 2018, 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 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
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 Charles Allen, Councilmember, Ward 6
The Honorable Vincent L. Gray, Councilmember, Ward 7
The Honorable Trayon White, Councilmember, Ward 8

#DCHFA**innovates**

DCHFA maintains an active social media presence to engage and interact with public and housing industry stakeholders.

During Fiscal Year 2018 the Agency expanded its social media presence by launching an **Instagram** profile (**@dchfa**) and a **LinkedIn** profile (**DC Housing Finance Agency**).

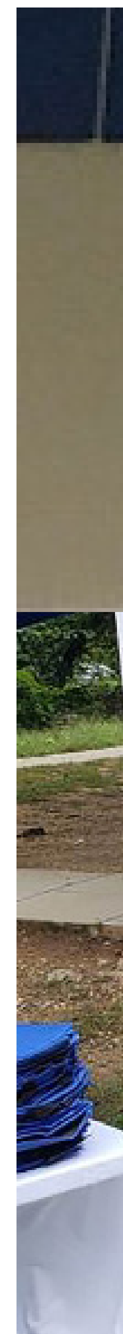
The Agency is active on **Facebook** (**DCHFA and DC Open Doors**) and **Twitter** (**@DCHFA and @DCOpenDoors**). In June 2017, the Agency began broadcasting the bimonthly DC Open Doors Homebuyers' Informational Sessions via Facebook Live.

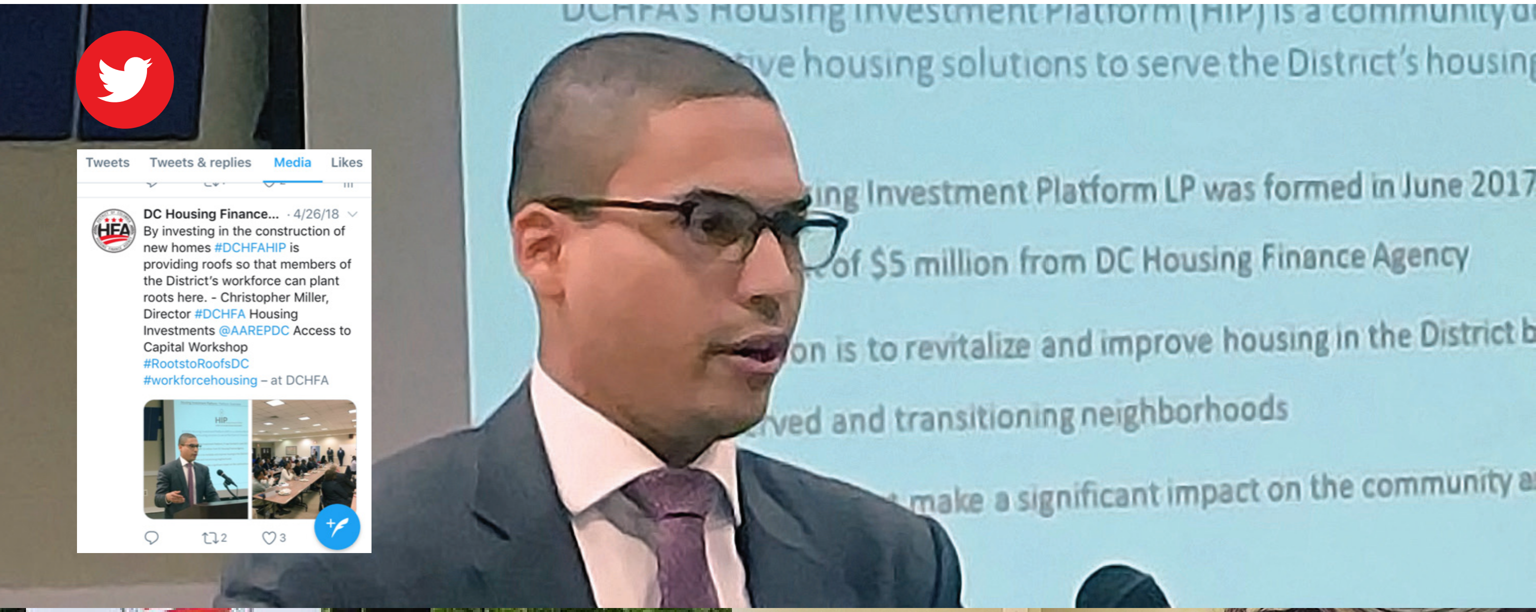
@DCHFA

@DCHFA

@DCHFA

@DCHFA



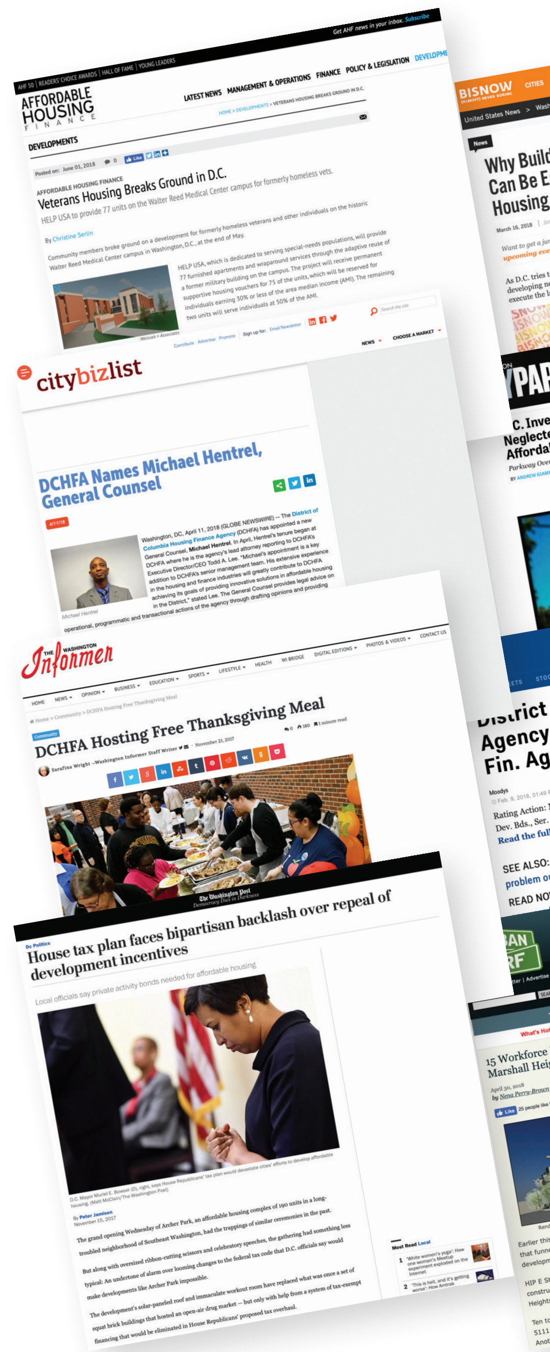

Tweets
Tweets & replies
Media
Likes
DC Housing Finance... · 4/26/18
By investing in the construction of new homes #DCHFAHIP is providing roofs so that members of the District's workforce can plant roots here. - Christopher Miller, Director #DCHFA Housing Investments @AAREPDC Access to Capital Workshop #RootstoRoofsDC #workforcehousing – at DCHFA
2
3
of $5 million from DC Housing Finance Agency

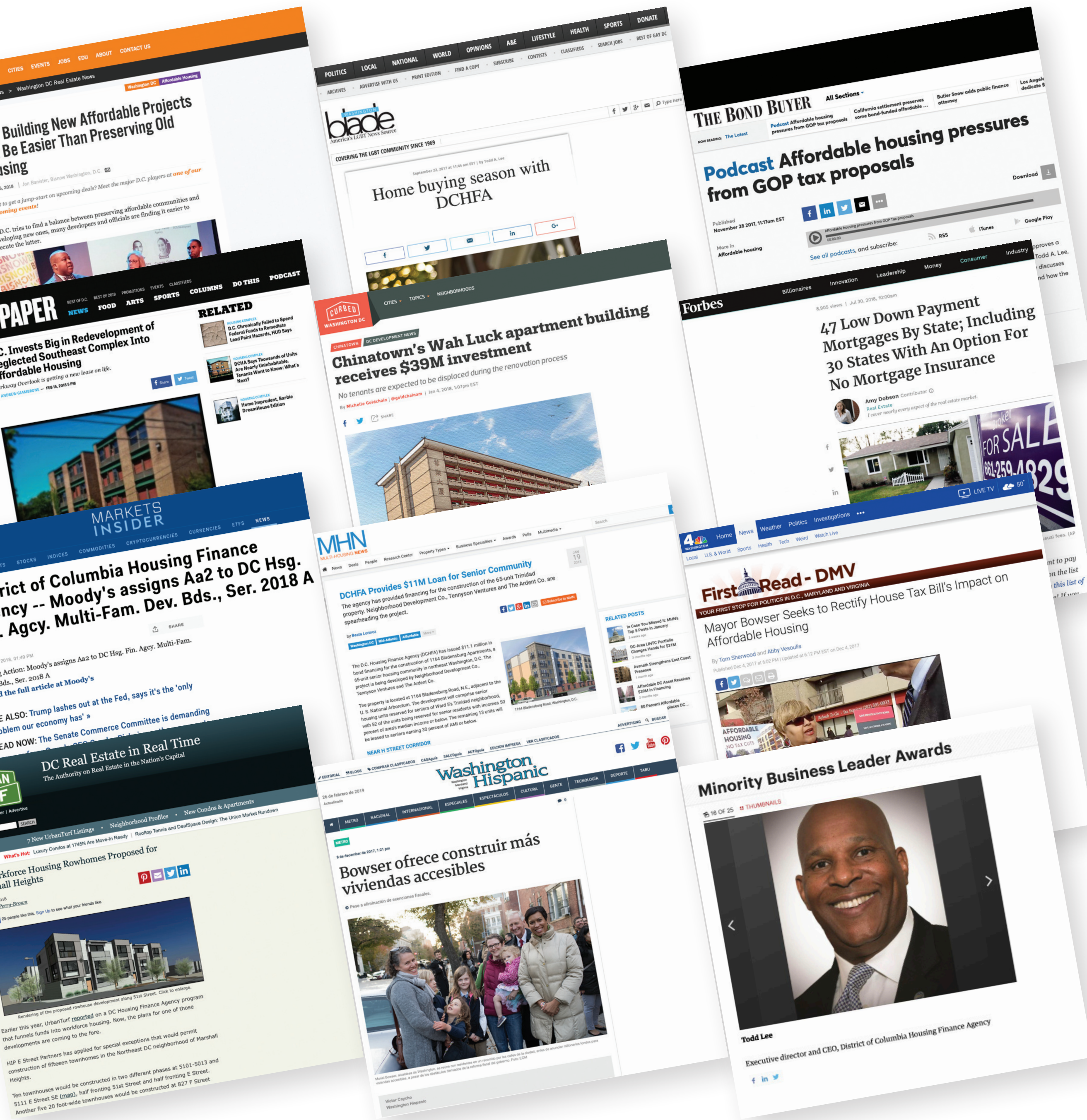

DC Open Doors
MCC
HomeSaver
DC Housing Finance Agency - DCHFA is at Marvin Gaye Park.
September 8, 2018 · Washington ·
Our team is in place and ready to meet you at Ward 7 Day!


dchfa • Follow
dchfa Congratulations Zaria. We're excited to have been a part of your journey to homeownership!
Repost @hlbeach with @get_repost
・・・
#latergram congrats to our #firsttimebuyer client Zaria on the purchase of her new condo in #columbiaheights. Her path to #createhome was quite awesome actually... and her organization and focus allowed the best combination of city programs I've every seen, more than $80k in #Hpap and dc first time buyer program funds(and we still got it closed in under 45 days! 😎) This was a very smooth transaction because all parties did what they said they would do by when they said they would do it, from co-op listing agent @seanpaulus to @dchfa to title @settlementink. Refreshing and surprisingly uncommon. In the words of @outkast,

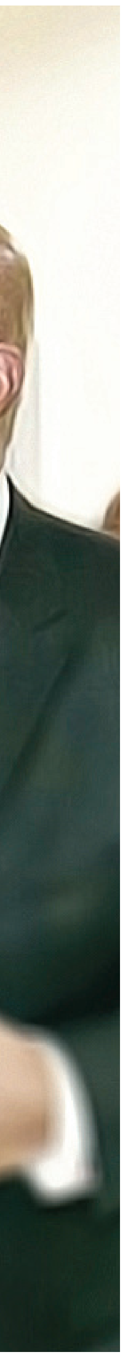
DCHFA **in the news**

In Fiscal Year 2018, DCHFA's media presence included 65 published articles, a podcast and Facebook Live broadcasts. Coverage included profiles of Board Members and the Executive Director & CEO, and stories about Agency-financed developments, private and public financing partners, and DCHFA programs in local, national and international media.




Building New Affordable Projects Be Easier Than Preserving Old
Home buying season with DCHFA
Podcast Affordable housing pressures from GOP tax proposals
THE BOND BUYER
C. Invests Big in Redevelopment of eglected Southeast Complex Into ffordable Housing
Chinatown's Wah Luck apartment building receives $39M investment
No tenants are expected to be displaced during the renovation process
Forbes
47 Low Down Payment Mortgages By State; Including 30 States With An Option For No Mortgage Insurance
MARKETS INSIDER
rict of Columbia Housing Finance ncy -- Moody's assigns Aa2 to DC Hsg. Agcy. Multi-Fam. Dev. Bds., Ser. 2018 A
DCHFA Provides $11M Loan for Senior Community
First Read - DMV
Mayor Bowser Seeks to Rectify House Tax Bill's Impact on Affordable Housing
DC Real Estate in Real Time
The Authority on Real Estate in the Nation's Capital
Washington Hispanic
Bowser ofrece construir más viviendas accesibles
Minority Business Leader Awards
Todd Lee
Executive director and CEO, District of Columbia Housing Finance Agency

Message from Board Chairman, Buwa Binitie



The Washington, D.C., of today is much more than a federal city. The District's revitalization reaches far beyond the cranes that dart the city's skyline. We are living in a city with a revitalized economy that is comprised of a range of industries, including the tech industry and creatives — all of which require highly skilled knowledge workers. Companies are attracted to the District, looking to invest capital in our economic boom. This has always been a city where people from all over the world have come to pursue their dreams. Now those numbers are reaching all-time highs, with the city's population topping 700,000 residents for the first time since 1975. All of these very exciting developments have also placed immense pressure on the local housing market.

Almost daily there are stories in the local and national media describing the increasing rental and home prices in the District of Columbia and the need for more affordable housing. It is an honor and privilege that I have the opportunity to be involved in delivering more affordable housing for the residents of the city as the Chairman of the DC Housing Finance Agency's Board of Directors. This is the fourth year of my tenure on the Board and I continue to be impressed at how the Agency develops innovative solutions to produce more affordable housing year after year. It is an approach that is applied to the Agency's internal and external operations. The citizens of the District are the beneficiaries of their efforts. DCHFA is a financial partner in nearly all affordable housing development in the city, ranging from preservation to new construction. The Agency is a true partner to Mayor Muriel Bowser, and her administration is a national leader in the creation and retention of affordable housing.

During Fiscal Year 2018, we welcomed the first residents to Elvans Road Townhomes, a single-family community funded by the Housing Investment Platform (HIP) and built by an emerging developer. We broke ground this year on a second HIP development that will bring 15 new townhomes into the market priced for the District's workforce. The Agency had its first full year as a U.S. Department of Housing and Urban Development (HUD) Level I 50/50 Risk Share lender, again providing an additional financing solution to address the need for more affordable housing previously not available.

The Agency's Single Family Programs maintains its focus on providing down payment and closing cost assistance to homebuyers through DC Open Doors and the Home Purchase Assistance Program (HPAP), while also ensuring that residents preserve their status as homeowners through the HomeSaver program.

On behalf of all of the members of DCHFA's Board of Directors, we commend DCHFA's Executive Director & CEO for his forward vision and leadership, and the Agency's staff for its commitment to the people of the District of Columbia.


HIP
TRISTAR REALTY, INC.
Sandy Spring Bank
H2 DEVELOPMENT
cityfirst
GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR
Cynthia
TOWNHOMES

We entered Fiscal Year 2018 with the threat of the elimination of private activity bonds (PABs) looming over the affordable housing industry. DCHFA's staff members and I joined Mayor Muriel Bowser, Congresswoman Eleanor Holmes Norton and housing advocates, along with public and private partners to advocate for the preservation of PABs. We successfully navigated the period with the support of Mayor Muriel Bowser and the swift action of the Council of the District of Columbia. This fight was a daunting way to begin the year but it was also a very real reminder that remaining focused on innovation and creative solutions outside of traditional financing to maintain and increase affordable rental and for-sale housing in the District is imperative. At DCHFA, this is at the forefront of the work that staff and I do daily.

This year we took both an inward and outward look at our role in the city's housing ecosystem. As a result, the Agency redefined its mission statement to highlight its commitment to the District's residents, and developed a vision statement and set of values. We underwent a re-branding, creating a new look with the introduction of a new logo and website. The goal was to be representative of who we are and how we serve the residents of the District across all platforms. The vision of the REIMAGINED DCHFA is "To be the District of Columbia's principal catalyst for housing finance and neighborhood investment."

For us, neighborhood investment goes beyond financing developments and providing mortgage assistance; it also means focusing on the needs of our residents that live in the communities where the housing developments that we finance are located. This is the reason we launched the Community Engagement Initiative to support these communities in the areas of education, arts and athletics. At DCHFA, we are investing financial resources and engaging with our fellow District residents through volunteer activities.

During Mayor Bowser's first term in office, more than 7,200 units of affordable housing were created, and DCHFA is very proud to have been a part of this historic period. As we look back on this year, we are moving forward into the Agency's 40th year with a REIMAGINED direction while remaining true to our mission of advancing the District of Columbia's housing priorities for its people.

All of DCHFA's staff members contribute to forwarding the Agency's mission of advancing the District of Columbia's housing priorities. DCHFA's Board of Directors provides leadership to the Agency's staff in all of its endeavors.

FY 2018 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

DCHFA**staff**

OFFICE OF EXECUTIVE DIRECTOR

Todd A. Lee, Executive Director & CEO
W. David Watts, Chief of Staff
Risha K. Williams, Senior Director,
Community and Partnership Development
Nkosi Bradley, Director, Government Affairs*
Yolanda McCutchen, Director, Public Relations
Karen Harris, Executive Assistant

OFFICE OF ADMINISTRATION

Fran D. Makle, Chief Administration Officer
Heather A. Hart, PHR, Director, Human Resources
James-Curtis Bowers, Director, Technology
Keami Estep, Procurement Manager
Thurston Ramey, Business Process Manager
Marcus Thompson, Facilities Manager

OFFICE OF THE GENERAL COUNSEL

Michael L. Hentrel, General Counsel
Michael Winter, Interim General Counsel*
Tracy G. Parker, Assistant General Counsel
Brittney Jordan, Assistant General Counsel
Lillian Johnson, Records Administrator

MULTIFAMILY LENDING AND NEIGHBORHOOD INVESTMENTS (PUBLIC FINANCE)

Christopher E. Donald, Senior Vice President
Jeffrey Cooper, Director, Portfolio and Asset Management
Christopher Miller Director, Housing Investments
Ugonna Ibebuchi Duru, Multifamily Loan Underwriter
Calvin V. Jones III, Multifamily Loan Underwriter*
Carolyn Fischer, Multifamily Loan Underwriter*
Bobvala Tengen, Development Analyst*
Birol Yilmaz, Construction Engineer Monitor
Soheila Ghazi, Construction Engineer Monitor
Seyoum Gizaw, CPA, Project Budget Analyst
Jelani Whitt, Asset Manager*
Diminga de Carvalho, Asset Manager
Fredericka Earle, Compliance Manager
Kelley Brown, Construction Coordinator

OFFICE OF THE CHIEF FINANCIAL OFFICER

Ted Blake, Chief Financial Officer
Pi Tao Hsu, Vice President, Capital Markets*
Henry Jones, Vice President, Treasury Operations
Theresa McCoy, Vice President, Accounting/Controller*
Thomas Firestone, Vice President, Accounting/Controller*
Angela Tibbs, Senior Director, Financial Analysis and Planning
Matthew Pleasant, Debt Financial Analyst
Monty Nearon, Financial Analysis Manager*
Jackie Langeluttig, Loan Servicing Specialist
Brooks Harrison, Senior Multifamily Project Accountant
Abiy Tamrat, General Ledger Accountant
Trichelle A. Ekpe, Single Family Programs Accountant*

SINGLE FAMILY PROGRAMS

Lisa G. Hensley, Senior Vice President
Bill Milko, Business Development Manager
Deborah Jones, Single Family Programs Manager*
Zein B. Shukri, Senior Underwriter
Tracy Wright, Single Family Underwriter
Chanita Haughton, Loan Processor
Ebony Lane, Loan Processor*

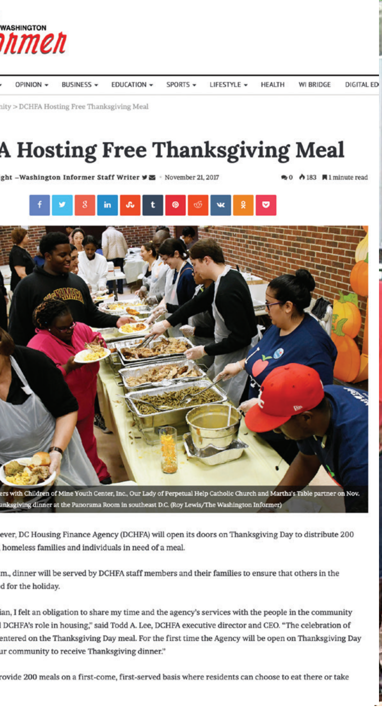
An asterisk (*) indicates someone who is no longer employed by the Agency, but who was employed during FY 2018.

community**focused**

One of our Agency's values is Community Focus. DCHFA seeks opportunities to impact the community beyond its traditional role as a financier of affordable housing. The Agency shares its resources — and employees share their time beyond the Agency's mission — through its support of activities for seniors, educational enrichment opportunities for youth, and the arts.

On Thanksgiving Day 2017, DCHFA launched its Community Engagement Initiative by opening the Agency's doors to serve dinner to community members in need of a meal.

During Fiscal Year 2018, DCHFA supported, sponsored and/or partnered with 32 community organizations and individuals.


WASHINGTON
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OPINION BUSINESS EDUCATION SPORTS LIFESTYLE HEALTH WI BRIDGE DIGITAL ED

ity > DCHFA Hosting Free Thanksgiving Meal

A Hosting Free Thanksgiving Meal

ght –Washington Informer Staff Writer · November 21, 2017 0 183 1 minute read

ers with Children of Mine Youth Center, Inc., Our Lady of Perpetual Help Catholic Church and Martha's Table partner on Nov. anksgiving dinner at the Panorama Room in southeast D.C. (Roy Lewis/The Washington Informer)

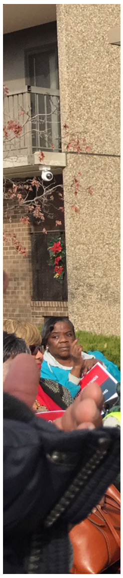
ever, DC Housing Finance Agency (DCHFA) will open its doors on Thanksgiving Day to distribute 200 homeless families and individuals in need of a meal.

m., dinner will be served by DCHFA staff members and their families to ensure that others in the d for the holiday.

ian, I felt an obligation to share my time and the agency's services with the people in the community DCHFA's role in housing," said Todd A. Lee, DCHFA executive director and CEO. "The celebration of entered on the Thanksgiving Day meal. For the first time the Agency will be open on Thanksgiving Day ur community to receive Thanksgiving dinner."

rovide 200 meals on a first-come, first-served basis where residents can choose to eat there or take

DCHFA**advocacy**

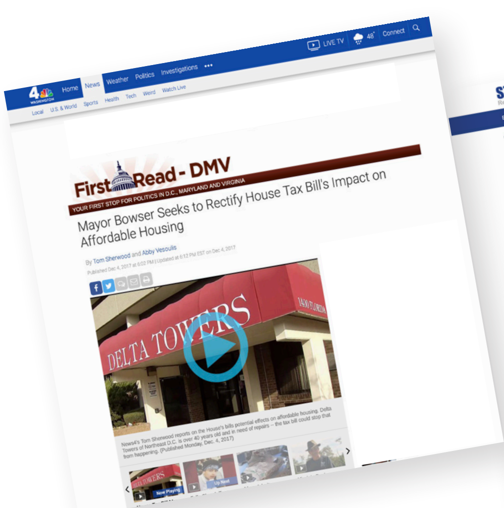


As 2017 was ending, the housing industry grappled with the effects of the pending federal tax reform bill, including the House of Representatives version of the bill initially eliminating private activity bonds (PABs). DCHFA's response to the possible discontinuation of PABs was twofold: advocacy and a financing solution.

The Agency joined Mayor Muriel Bowser's administration in its lobbying efforts on Capitol Hill and took the message of the need to save PABs and the accompanying 4 percent Low-Income-Housing-Tax-Credit (LIHTC) to the public through press outreach and social media. On November 14, 2017, DCHFA's Executive Director & CEO Todd A. Lee joined Mayor Bowser and Congresswoman Eleanor Holmes Norton (D-DC) for a press conference at the U.S. Capitol in opposition to the GOP proposal to eliminate PABs.

The Agency organized a press conference at senior apartment complex Delta Towers, the planned redevelopment of which was being threatened by the possible end of PABs. On December 4, 2017, Mayor Bowser announced that DCHFA was planning its largest-ever bond offering in the Agency's history, planning to sell up to $500 million of PABs in December to finance affordable housing projects in response to concerns about the final GOP tax bill which would prevent the financing of future developments. In order to further drive the message of this event, DCHFA created two graphics that were displayed as placards at the event, and residents of Delta Towers held signs stating "SAVE PRIVATE ACTIVITY BONDS, SAVE AFFORDABLE HOUSING" and "Issuing $500 Million in Bonds = 4,000 affordable housing units financed."

The Campaign to Save PABs received 14 media placements in the local and national press, including four stories in *The Washington Post* during the month-long time period.



Multifamily Lending and Neighborhood Investments

DCHFA's Multifamily Lending and Neighborhood Investments division offers financing to create and preserve affordable multi/single-family rental housing throughout the District of Columbia. The program offers private for-profit and nonprofit developers low-cost construction and permanent financing that supports the new construction, acquisition and rehabilitation of rental housing to meet the demand for quality affordable housing for individuals and families throughout the city.

Multifamily FY 2018 Highlights

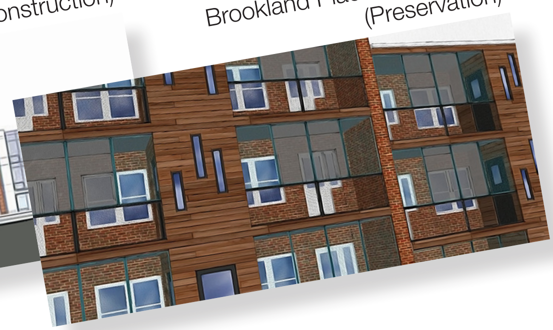
In Fiscal Year 2018, DCHFA issued $319,419,577 in bond financing for the development or redevelopment of 1,726 affordable housing units in Wards 2, 4, 5, 6 and 8. In addition to the tax-exempt financing, DCHFA underwrote $174,306,462 in LIHTC to finance these projects.

Projects Financed in Fiscal Year 2018

1164 Bladensburg Apartments
(New Construction)

Ainger Place Apartments
(New Construction)

Brookland Place Apartments
(Preservation)



Capitol Vista
(New Construction)

Fortitude at Delta Towers
(Preservation and New Construction)

HELP Walter Reed Apartments
(Preservation)

Mass Place Apartments
(Preservation)

Parkway Overlook
(Preservation)

Archer Park Apartments

NEW CONSTRUCTION

The construction of Archer Park Apartments not only expanded affordable housing options in Congress Heights (Ward 8), but brought below-market-rate modernity with amenities to the neighborhood. Archer Park is the first component of a two-phased redevelopment of the former Trenton Terrace apartment complex.

The development includes 190 affordable rental apartment homes. One hundred percent of the apartments are affordable to families whose incomes are at or below 60 percent of the area median income (AMI). Of the 190 units, 14 apartments are reserved for families or individuals earning 30 percent or less of the AMI. Ten of those units, which will be operated as permanent supportive housing (PSH), will be subsidized by the District's Local Rent Supplement Program (LRSP). The four remaining units at 30 percent AMI rent levels are set aside for renters with tenant-based LRSP vouchers.

Archer Park features a green roof terrace and solar panels, which generate a portion of the building's electrical power and reduce the heat load. Additionally, the development contains a 128-car garage, roof terrace, fitness room, business center and meeting room.

Atlantic Apartment Homes

Atlantic Terrace and Atlantic Gardens

PRESERVATION

The redevelopment of Atlantic Apartment Homes preserved affordable housing for 750 residents in the Washington Highlands neighborhood of Ward 8. The property, formerly known as Atlantic Gardens and Atlantic Terrace, consists of 303 mostly family-sized units, and was substantially rehabilitated to provide its residents with modernized amenities and expanded community services, as well as energy savings as the largest community solar project in the District. The tenants associations of the former Atlantic Gardens and Atlantic Terrace jointly exercised their rights under the District of Columbia's Tenant Opportunity to Purchase Act (TOPA) in order to rehabilitate and maintain the affordability of their apartment homes.

The garden-style buildings, which occupy eight acres, had not been renovated in nearly 30 years. The rehabilitated energy-efficient apartments are 100 percent affordable;122 units will be affordable to households earning no more than 30 percent of the AMI, and 181 units will be affordable to households making no more than 50 percent the AMI.

Ninety percent of the housing will support families. The layout consists of 70 three-bedroom, 203 two-bedroom, and 30 one-bedroom apartments. All residents will benefit from expanded community services such as two new learning centers, new and/or upgraded community rooms, and two new playgrounds, with upgrades made to an existing playground.

The Residences at Hayes

Deanwood Hills

NEW CONSTRUCTION

The Residences at Hayes added 150 affordable apartments to the city's housing stock in Ward 7's Deanwood neighborhood. The development includes 50 public housing units prioritized for residents from the Lincoln Heights and Richardson Dwellings public housing development as a part of the District's New Communities Initiative.

Forty of the units are set aside for households earning up to 30 percent of the AMI, and 10 units are reserved for households earning up to 60 percent of the AMI. The remaining 100 units will be affordable to households earning up to 60 percent of the AMI. The development will contain studio-, one-, two-, three- and four-bedroom apartment homes. Residents have access to the community room that will include a cyber cafe, fitness room, three private courtyards, bike storage room, a tot lot and 75 free parking spaces assigned on a first-request basis.

Parkchester Apartments

PRESERVATION

Maintaining the quality of and preserving existing affordable housing is as important as building new affordable housing. The rehabilitation of Parkchester Apartments maintains affordability for 93 apartment homes in the Barry Farm neighborhood of Ward 8. Parkchester's residents exercised their rights under TOPA in order to substantially rehabilitate all of the units in the 11 garden-style buildings which comprise the development.

All of Parkchester's one-, two- and three-bedroom apartments are prioritized for renters earning no more than 60 percent of the AMI. There is a HUD Housing Assistance Payment contract in effect at the Parkchester through 2024 that covers 100 percent of the units and subsidizes the rent of families earning 50 percent or less of the AMI.

Plaza West

NEW CONSTRUCTION

Grandparents hold a special place in our hearts. Plaza West, is a 223 unit affordable housing community and Washington's first "grandfamily" development. It has 50 units customized for grandparents raising children where a parent is not present. The community is in the amenity rich and transit centric Mt. Vernon Triangle neighborhood (Ward 6). The District is only the ninth city nationwide to have a grandfamilies residential program.

At Plaza West, grandfamily incomes range from 30–40 percent of the AMI. Social services are provided on-site for both children and seniors.

Plaza West is a 100 percent affordable development with a range of apartment sizes and affordability levels; 173 apartments are reserved for individuals and families (10 studio, 22 junior one-bedroom, 103 one-bedroom and 38 two-bedroom units). The 50 grandfamily apartments consist of 30 two-bedroom and 20 three-bedroom apartments. The ground floor of the grandfamily component will include a library, fitness room, recreation room for kids and offices for on-site social service staff.

Plaza West's Affordability Mix:

AMI	# Units
30%	44
40%	17
50%	82
60%	80
Total:	223

The number of grandparents who are primary caregivers for their grandchildren has increased more than a third from the past generation; approximately one in 10 kids is living with a grandparent. The development of Plaza West is a collaboration between a community of faith, nonprofit, government and private resources brought together to address a need of a group of District residents.

Living in an affordable rental community like Plaza West will help ease the financial burden of grandparents by providing housing as well as create a supportive community of peers that are also taking care of their grandchildren.


PLAZAWEST

Pomeroy Gardens

PRESERVATION

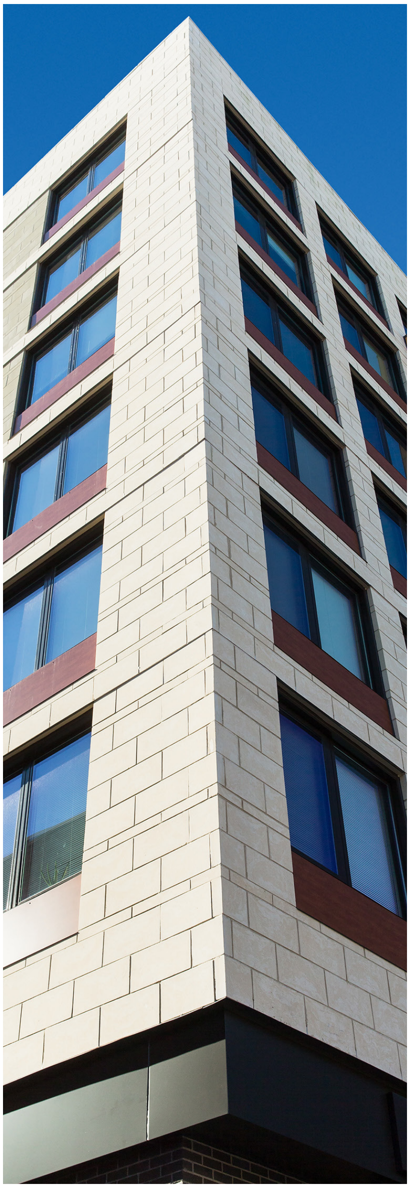
The substantial renovation of Pomeroy Gardens modernized and enhanced the homes of the 40 families living at the five-building garden-style apartment complex at the time of financing. Pomeroy Gardens is a 100 percent affordable community with 60 apartment homes located in Ward 8's Barry Farm community. All apartments are designated for residents earning 60 percent or less of the AMI.

Pomeroy Gardens was constructed in 1964. The members of the Pomeroy Gardens Tenants Association exercised its rights under TOPA and purchased the building.

During the renovation process, tenants moved into vacant units within the development, allowing them to remain in their community. At the time of renovation, Pomeroy Gardens was 70 percent occupied. Three of the apartments were reconfigured to make each handicap accessible. Energy-efficient appliances and new cabinets were installed in the kitchen. New bathroom fixtures, ceramic tiles, HVAC units and interior doors were also installed in units. Exterior improvements include new shingle roofs, gutters and downspouts, new entry door security systems, cameras and lighting.

Portner Flats Apartments

PRESERVATION AND NEW CONSTRUCTION



The U Street Corridor (Ward 1) is a neighborhood that is emblematic of how housing costs in D.C. have risen to levels beyond the range of many low- and moderate-income residents. Portner Flats Apartments doubled the number of affordable units at this location in the U Street Corridor, seamlessly integrating 96 units of green, amenity-rich affordable housing with high-end market-rate apartments and retail.

The site of Portner Flats once housed Portner Place Apartments, a distressed, 48-unit, HUD Section 8, garden-style building. After the tenants invoked their rights under TOPA to purchase the building, it was redeveloped to double the amount of affordable housing to 96 units, provide new community services, and increase the zoning density to incorporate a 288-unit, market-rate building with ground-floor retail.

Residents that desired to return were relocated during the period of construction. Portner Flats houses individuals and/or families earning 60 percent or less of the AMI. Fifty percent of the units will be subsidized by a HUD Section 8 contract, with approximately 70 percent of those units reserved for the families who were temporarily relocated. Portner Flats includes an underground parking garage, interior court yards, playgrounds, a business/computer training center, and Energy Star appliances, including in-unit washers and dryers, and a green roof.

Just across the courtyard, 288 units of market-rate housing will be built, making this slice of U Street an example of what can be accomplished when public and private entities think outside the box in an effort to help solve the affordable housing crisis in the District. People at all income levels should have the opportunity to live in thriving, transit-oriented, mixed-use neighborhoods.

SOME Conway Center

NEW CONSTRUCTION

The Conway Center is the first facility in the District to combine affordable housing, job training and healthcare in a single location. Owned and operated by So Others Might Eat (SOME), SOME is an organization that has been working for nearly 50 years to eradicate poverty and homelessness in the District of Columbia.

The project includes 202 units (40 units, 60 percent AMI;162 units, 30 percent AMI or below) of affordable housing for low-income individuals and families. Apartments range from studio to four bedrooms. A portion of the units are designated as permanent supportive housing (PSH) in support of the District's "Housing First" model, part of the city's strategy to combat homelessness and mental illness. The Conway Center houses SOME's Center for Employment Training, as well as a dental and medical clinic. The Conway Center is adjacent to the Benning Road Metrorail station in the Capitol View neighborhood in Northeast Washington.

St. Stephen's

NEW CONSTRUCTION

High environmental standards and affordability can exist in a single development along with supportive housing. St. Stephen's combines green, cost-efficient living and supportive housing in one development. St. Stephen's is located in the District's Deanwood neighborhood in Ward 7. St. Stephen's is a four-story building that contains 56 one-bedroom units and 15 two-bedroom units. The transit-oriented development, which features a green roof, is less than a quarter mile from the Benning Road and Minnesota Avenue Metrorail stations.

One hundred percent of the apartment homes are reserved for families whose incomes are at or below 50 percent of the AMI. Twenty-five percent of the apartments (18) are designated for clients of the DC Department of Behavioral Health (DBH.) One of the key objectives of the DBH Strategic Plan is the development of a system that supports individuals with mental illness in integrated, community-based settings. The DBH units are rented to families or individuals earning 30 percent or less of the local AMI.

Amenities at St. Stephen's include 26 free covered parking spaces for residents, four open-air community gathering places, an exercise room, toddler playroom, two media lounges, two multipurpose rooms, secure bike storage, and a green landscaped courtyard. Some of the resident services are job training, tutoring and college entrance counseling.

HIP Housing Investment Platform

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Housing Investment Platform

DCHFA established the Housing Investment Platform (HIP) 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 Fund 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 and increases the tax base, and the projects create employment opportunities through the construction of new homes.

An investment from HIP significantly reduces the amount of capital the developer needs to contribute to the project, but in return, the developer agrees to restrict sales to households making workforce incomes, up to 120 percent of the Washington, D.C., median family income (MFI).

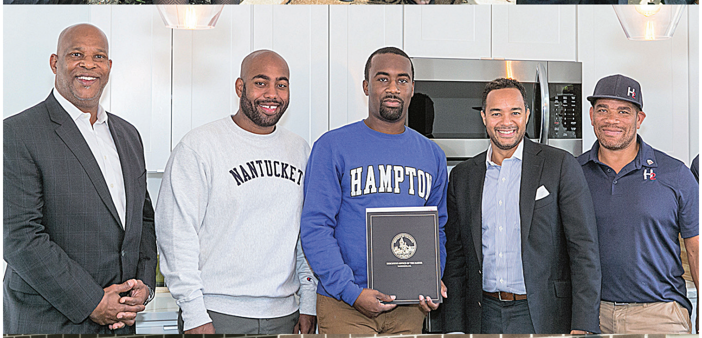

Elvans Road Townhomes


Cynthia Townhomes

Elvans Road Townhomes

The Elvans Road Townhomes project was developed in partnership with H2 Development, an emerging local developer that traditionally focuses on the high-end housing market. H2 was able to incorporate the design and finishes of its high-end homes into townhomes priced in the low- to mid-$400,000s.

Ground was broken on HIP's first development, Elvans Road Townhomes, located in Ward 8's Barry Farm community. All five homes sold the weekend they were put on the market and were all purchased before the completion of the project. The homebuyers at Elvans Road Townhomes include a D.C. public school teacher, a former U.S. Army Black Hawk helicopter pilot and an employee of the entertainment and culture arm of the local government. The development was completed in July 2018 and Brian Kenner, the city's Deputy Mayor for Planning and Economic Development, formally welcomed home the residents of Elvans Road Townhomes during the summer.



Cynthia Townhomes

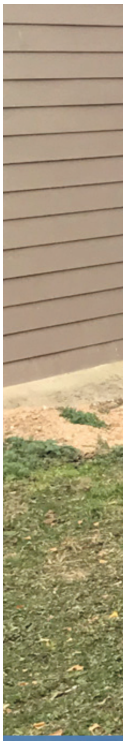
Following up on the success of Elvans Road Townhomes, HIP and H2 Development partnered again on the production of 15 workforce housing units in the Marshall Heights neighborhood of Washington, D.C. UrbanTurf, a leading online publication covering Washington regional real estate, reported on the proposal to construct Cynthia Townhomes in the April 2018 article "15 Workforce Housing Rowhomes Proposed for Marshall Heights."

In September 2018, DCHFA broke ground on the development of the project during Mayor Bowser's #RootstoRoofs Housing Week. This area of the city consists of several emerging neighborhoods which have been designated as Opportunity Zones. The 2,000-square-foot homes will feature three and four bedrooms, 3.5 baths, gourmet kitchens and one-car garages. The homes will have a modern facade consisting of concrete and high-end HardiePanel that will add some diversity to a neighborhood that mostly consists of single-story detached homes and apartment buildings. Both the development and home-buyer financing will be similar to that of Elvans Road Townhomes.

Vacant to Vibrant

In December 2017, Mayor Bowser launched the Vacant to Vibrant DC initiative, a six-step action plan to transform city-owned vacant space into workforce housing, creative green space and play space. The workforce housing component of Vacant to Vibrant was inspired by the success of the first HIP investment, so the Mayor asked HIP to participate as one of the steps of the action plan. In February 2018, HIP was awarded two sites from the city's inventory to develop in partnership with local developers. HIP has partnered with H2 Development and HEP Construction, who served as a subcontractor on the Elvans Road Townhomes, in the development of 12 units of workforce housing. The two sites represent the return of long-term vacant land to productive use that will offer high-quality workforce housing to families while bringing new parcels on to the tax rolls.

Following the announcement of HIP's inclusion in the Vacant to Vibrant initiative the HIP program was profiled in UrbanTurf "How DC is Investing Agency Dollars into Affordable Housing."




VACANT TO VIBRANT DC
NEW
WORKFORCE HOUSING IS
Coming Soon
#InclusiveProsperity
HIP
dhcd
GOVERNMENT OF THE
DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR


Gales Street

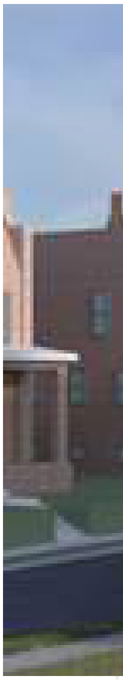

West Street

Predevelopment Loans

In March 2018, HIP was approached by the DC Department of Housing and Community Development ("DHCD") and two developers with a request to find a solution for predevelopment expenses for District-awarded development projects. The two projects, Stack Eight and Park27, are awards of city-owned land with subsidy to provide mixed-income homeownership opportunities. The income mix on the two projects makes an economic return unachievable without subsidy. The projects will incur significant predevelopment expenses between the announcement of the award and the closing on the land and subsidy with the District. DCHFA and HIP provided predevelopment loans that will be repaid upon the disbursement of the city subsidy and will provide homeownership opportunities at or below our workforce housing threshold of 60 percent of the MFI.

The first project, Stack Eight, is the first affordable residential project in the District that will be developed to Passive House and zero energy standards. The project consists of two units restricted to households earning 50 percent of the MFI and 16 units restricted to households earning up to 80 percent of the MFI. The unique energy features of the project will reduce annual energy costs and improve homeownership sustainability for purchasers. The project is located in the Congress Heights neighborhood of the city near the U.S. Coast Guard headquarters, which is the new home of the U.S. Department of Homeland Security at St. Elizabeths campus.

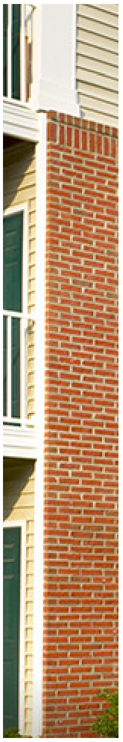
The second project, Park27, is the first new construction condominium building in the Southeast quadrant of the city east of the Anacostia River since the 2008 financial crisis. This area of the District was severely hit during the Great Recession and is home to a number of vacant and foreclosed condominium units. The current condominium market in this neighborhood has made it difficult for potential first-time homebuyers to purchase a condominium unit due to inadequate appraised values, underwater condominium associations, and the inability to purchase with a mortgage. This project consists of 12 units at 50 percent of the MFI, six units at 60 percent of the MFI and eight market-rate units.




Park27


Stack Eight

DCHFA Closes First HUD Level I 50/50 Risk Share Transaction at Woodmont Crossing Apartments

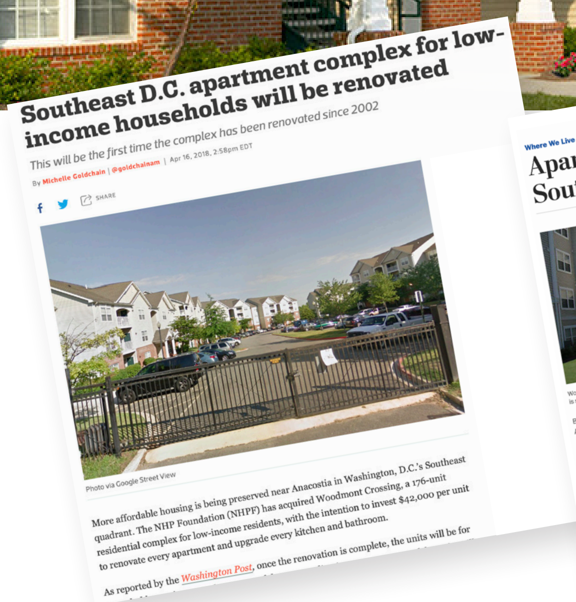


DCHFA closed on its first HUD Level I 50/50 Risk Share 542(c) loans, financing the preservation of 176 affordable units at Woodmont Crossing Apartments in Ward 8's Anacostia neighborhood.

The Agency pursued becoming a Risk Share lender to provide an additional funding source for the production and preservation of affordable housing in the District of Columbia. DCHFA is one of 35 housing finance agencies in the nation that are Risk Share lenders. The Agency's status as a Risk Share lender designates DCHFA as one of HUD's top tier housing finance agencies. DCHFA is the only housing agency in the District of Columbia that participates in the program. By participating in the program the Agency's bonds receive higher bond ratings resulting in lower borrowing costs and savings that are passed on to borrowers and tenants.

HUD approved DCHFA as a 50/50 Risk Share lender in April 2017. The program is independent of the Federal Housing Administration's (FHA) traditional mortgage insurance that provides credit enhancement on housing finance agency (HFA)-originated loans. The FHA assumes only a portion of the risk and delegates loan processing and asset management functions to the HFA or qualified participating entities. The Risk Sharing Program is focused solely on affordable production and preservation. All projects must qualify as defined in the LIHTC program.

The Woodmont Crossing United Tenants Association, Inc. exercised its rights under TOPA to acquire and renovate all of the community's 120 two-bedroom and 56 three-bedroom apartments. Woodmont Apartments is a 100 percent affordable community with rents restricted to households earning 60 percent of or below the AMI. The process will be an in-place renovation where residents will temporarily relocate during the day while their units are being upgraded. This will be the first major renovation at Woodmont Apartments since its opening in 2002.



Southeast D.C. apartment complex for low-income households will be renovated

This will be the first time the complex has been renovated since 2002

By Michelle Goldchain | @goldchainam | Apr 16, 2018, 2:58pm EDT

SHARE

Photo via Google Street View

More affordable housing is being preserved near Anacostia in Washington, D.C.'s Southeast quadrant. The NHP Foundation (NHPF) has acquired Woodmont Crossing, a 176-unit residential complex for low-income residents, with the intention to invest $42,000 per unit to renovate every apartment and upgrade every kitchen and bathroom.

As reported by the Washington Post, once the renovation is complete, the units will be for

Where We Live

Apartment complex for low-income people in Southeast D.C. slated for modernization

Woodmont Crossing, an apartment complex for low-income renters at 2327 Good Hope Rd. SE in Washington, is slated for a renovation. (NHPF)

By **Michele Lerner**
April 11, 2018

The dearth of affordable housing in the District is often discussed as a nearly intractable problem, but at least one large apartment complex is set to be renovated to provide upgraded units to low-income families in Southeast Washington.

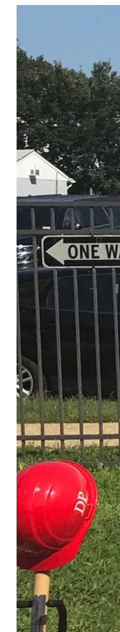
The **NHP Foundation**, a national nonprofit organization that preserves and creates sustainable rentals, recently purchased **Woodmont Crossing Apartments**, a 176-unit complex at 2327 Good Hope Rd. SE.

The **Woodmont Crossing United Tenants Association** selected the NHP Foundation as its partner for the acquisition of the complex as part of the DC Tenant Opportunity to Purchase Act (TOPA).

Capitol Vista and Fortitude at Delta Towers

At the very end of FY 2018, the Agency closed two additional Risk Share transactions. On September 28, DCHFA closed on both Capitol Vista and Fortitude at Delta Towers. Capitol Vista is a new development that is currently under construction and will bring 104 affordable apartment homes to Ward 6's burgeoning Mount Vernon Triangle neighborhood. The new building will feature studio-, one- and two-bedroom apartments, with 21 apartments reserved for tenants earning up to 30 percent of the AMI and 83 for tenants earning up to 50 percent of the AMI.

On the same day, the Agency closed on Fortitude at Delta Towers, the new construction of a 149-unit affordable senior housing development located in the H Street Corridor of Ward 5. The new Fortitude at Delta Towers project preserves the existing affordable senior housing units currently located at this site and adds an additional 30 apartment homes. Both of these transactions were processed at lower interest rates than other market-rate options.



Fortitude at Delta Towers

Capitol Vista

Multifamily Development Program Parity Indenture

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District of Columbia deal continues affordable housing push

By
Andrew Coen

Published
October 05 2018, 12:23pm EDT

More in
Affordable housing bonds
Primary bond market
District of Columbia Housing Finance Agency
District of Columbia

Print Reprint

The District of Columbia Housing Finance Agency closed the 2018 fiscal year with its second bond offering under a new program to create more affordable housing for the nation's capital.

The DCHFA priced $74.5 million of tax-exempt bonds on Sept. 28 through lead manager Wells Fargo to finance the construction and preservation of two affordable housing developments. The deal marked the 39-year old agency's third public bond offering in 13 months under its Multifamily Parity Indenture established last year as a vehicle to attract more institutional investment capital for affordable housing.

DCHFA's final closings of FY 2018, Capitol Vista and Fortitude at Delta Towers, were the Agency's second public bond offering of the year under DCHFA's Multifamily Parity Indenture, which was established in 2017 as a vehicle to attract more institutional investment capital to affordable housing in the District. The $74 million tax exempt bond issuance was secured by two HUD-insured mortage loans made under DCHFA's HUD Level I Risk Share Program.

Capitol Vista is a new development that is currently under construction in Mount Vernon Triangle, a neighborhood close to downtown D.C. The new building will feature studio-, one- and two-bedroom apartments, with 21 apartments reserved for tenants earning up to 30 percent of the AMI, and 83 for tenants earning up to 50 percent of the AMI. Capitol Vista will receive a 15-year commitment from the District's Multifamily Development Program Parity Indenture LRSP for operating subsidies. The first floor of Capitol Vista will include 3,200-square-feet of retail space.

Similar to Capitol Vista's location, H Street Corridor, home of Fortitude at Delta Towers, is an area where affordable housing has become scarce as the neighborhood has transitioned into one that is highly sought by renters. The new Fortitude at Delta Towers project preserves the existing affordable senior housing units currently located at this site and adds an additional 30 units. Fortitude at Delta Towers is a 100 percent affordable senior community with all units leased at a maximum of 30 percent AMI. Thirty of the apartments will receive a LRSP subsidy and 18 will be designated as PSH, with housing assistance payments via the District of Columbia Housing Authority. Fortitude at Delta Towers will include 4,300 square-feet of ground-floor retail space and provide seniors access to a vibrant neighborhood.

Capitol Vista

Portfolio and Asset Management

The Portfolio and Asset Management (PAM) division is responsible for monitoring all multifamily developments financed by DCHFA.

As of the end of September 2018, DCHFA's multifamily portfolio consisted of 112 multifamily properties with a total of 16,284 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 2018 Compliance Data:

Developments:
112

Units:
16,284


1200

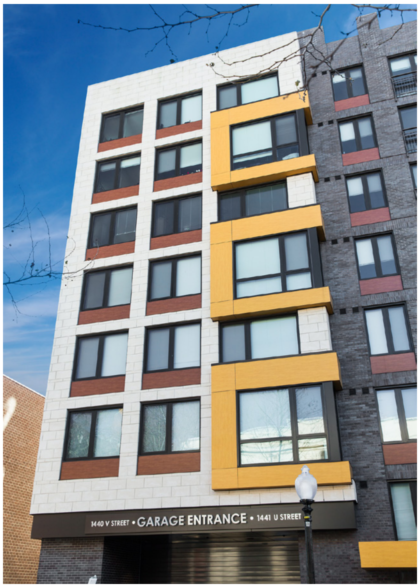
DCHFA Honors

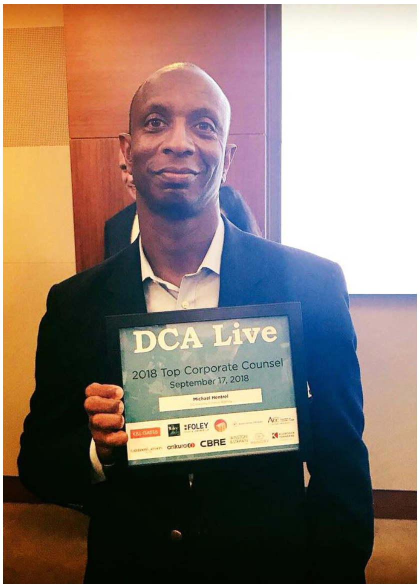
Developments financed by the District of Columbia Housing Finance Agency and Agency staff members were recognized by the business and housing community in FY 2018.

2017 Washington Business Journal Best Real Estate Deals
Best Community Impact Archer Park – Developer – WC Smith (Ward 8)

2018 Affordable Housing Finance Readers' Choice Award – Preservation
Portner Flats – Developers Jonathan Rose Companies and Somerset Development Company (Ward 1)

2018 DCA Live Top Corporate Counsel
Michael L. Hentrel, DCHFA General Counsel





2018 HAND Housing Achievement Awards
Developer of the Year,
So Others Might Eat (SOME)

2018 Urban Land Institute Jack Kemp Excellence in Affordable and Workforce Housing Award
The Conway Center – Developer
So Others Might Eat (SOME) –
(Ward 7)

2018 Washington Business Journal Minority Business Leader
Todd A. Lee, DCHFA Executive Director & CEO

Single Family Programs FY 2018 Highlights

DCHFA's Single Family Programs division creates homeownership opportunities in the District by providing low-cost, single-family mortgages and down payment assistance, made possible through the issuance of mortgage-backed securities. The Agency offers a variety of programs for current and potential homeowners, with the goal of expanding and retaining homeownership opportunities.

- The DC Open Doors' maximum applicant income increased to $140,640.

- Mortgage Credit Certificate (MCC) Sales Price Limit Increase — The program's new maximum sales price limits are $625,764 for non-target areas and $764,823 for target areas.

- Launch of Hardest Hit Fund Recast/Lien Extinguishment Program — This program is designed to assist homeowners who are unable to sustain current mortgage payments and are at risk of foreclosure due to becoming re-employed at a lower salary or transitioning to a fixed income.

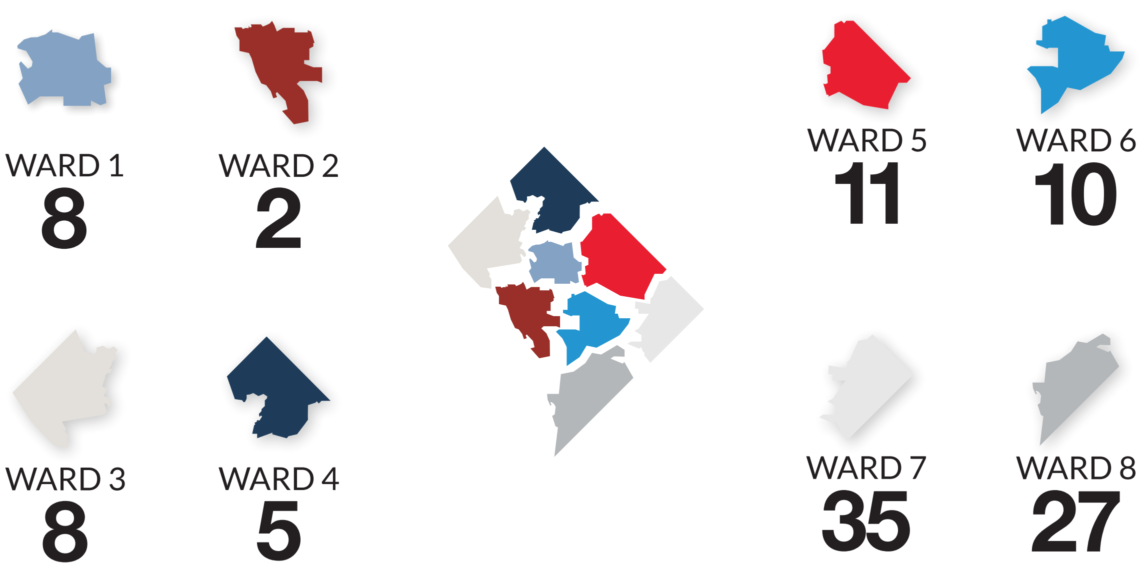
- FY 2018 Home Purchase Assistance Program (HPAP) loan reservations exceeded the budgeted loan dollars of $9,303,374.70.

DC Open Doors FY 2018 Highlights

Funded 106 mortgage loans in an amount of $33,669,930, along with $952,362 in down payment assistance loans, for a total of $34,622,292 in financing.

- Number of Total Closed Loans: 106 (91 with DPA)
- Average Purchase Price: $335,370
- Average 1st Trust Loan Amount: $317,641
- Average DPA Loan Amount: $10,466
- Average Age of Prospective Homebuyer: 35
- Average Number in Household: 1
- Average Borrower Income: $89,443

DC Open Doors Mortgage Assistance Loans by Ward



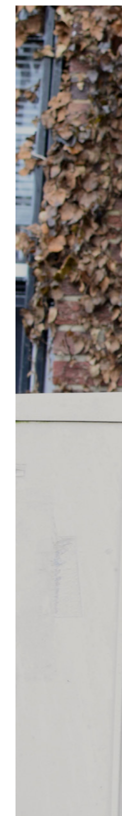
Mortgage Credit Certificate Program

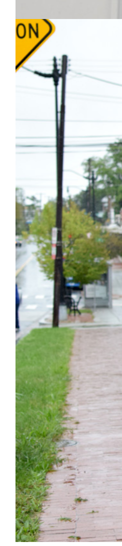
In Fiscal Year 2018, 237 Mortgage Credit Certificates (MCC) were issued by DCHFA on a total of $76,499,477 first trust loans.

The MCC's maximum sales price limits increased to $625,764 for non-target areas and $764,823 for target areas.

The MCC allows qualified first-time homebuyers 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.

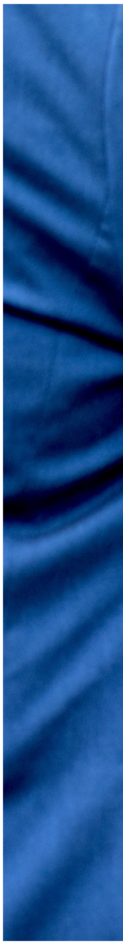
DCHFA's MCCs may be purchased in conjunction with a DC Open Doors loan program product or other loan program product.






MORTGAGE CREDIT
MCC
DCHFA
CERTIFICATE
dc

Realizing the Dream of Homeownership with DC Open Doors and the MCC



Walker Sands purchased a Mortgage Credit Certificate when he bought his first home, a condo in Petworth (Ward 4) with down payment assistance from DC Open Doors in 2018.

“Open Doors helped me secure a down payment to purchase a condo in one of my favorite D.C. neighborhoods, Petworth. As a homeowner here, I feel a duty and an honor to preserve the neighborhood’s community and contribute to D.C.’s growth.”

“DC Open Doors promotes progress and preserves communities in our capital. I am so proud that this program has been kept alive because it kept my dream of homeownership alive. As a community organizer and black professional, me and many of my friends have been able to stake a claim in the District we love. Most importantly, I see Open Doors as a proponent of the middle class and socioeconomic opportunity for all. This is an invaluable opportunity to create and define your value in D.C. and in your life.”

WARD 4

HomeSaver DCHFA's Foreclosure Prevention Program

Recast/Lien Extinguishment Program

DCHFA is a participant in the U.S. Department of the Treasury's Hardest Hit Fund program through the DCHFA HomeSaver program. HomeSaver provides mortgage payment assistance to unemployed and underemployed District homeowners to prevent foreclosure.

In June 2018, with the approval of the Treasury Department, DCHFA announced a new Hardest Hit Fund program called the Recast/Lien Extinguishment Program. This program is designed to assist homeowners who are unable to sustain current mortgage payments and are at risk of foreclosure due to becoming re-employed at a lower salary or transitioning to a fixed income, such as Social Security, retirement or long-term disability. Eligible borrowers may receive up to $50,000 as a principal curtailment payment used to recast their loan payments to a more affordable payment. Eligible borrowers transitioning to a fixed income (Social Security/retirement) may have their lien paid in full up to $50,000 as long as they can demonstrate they are able to sustain taxes, insurance and any association fees going forward and meet all other program requirements.

HomeSaver FY 2018 Highlights:

- HomeSaver assisted 57 homeowners at risk of foreclosure with $2,035,712 in funding.

- Launched the Hardest Hit Fund Recast/Lien Extinguishment Program — This program is designed to assist homeowners who are unable to sustain current mortgage payments and are at risk of foreclosure due to becoming re-employed at a lower salary or transitioning to a fixed income.

HomeSaver

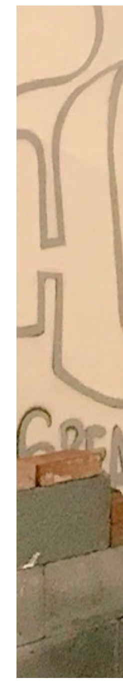
A Hardest Hit Fund Initiative
District of Columbia Housing Finance Agency

Fall 2018

Dear Ms. Haughton,
This holiday season, allow me
to thank you again for your
kind help to me via the
Home Saver Program this past
summer and fall. The
program's help is what I
needed to bring my account
current after a year of
unemployment and most
importantly, keep my home.
I have resumed normal
payments and am on solid
financial footing. I can't
thank you enough for that

May the spirit
of Thanksgiving
enter your home and heart,
filling you with
many blessings.

Home Purchase Assistance Program HPAP



In March 2017, DCHFA launched its co-administration of the District of Columbia Department of Housing and Community Development Home Purchase Assistance Program (HPAP).

In Fiscal Year 2018, DCHFA closed150 loans for first-time homebuyers for a total $9,097,058 funded.

HPAP FY 2018 Highlights:

- Number of Notice of Eligibility (NOE) Applications Received: **462**
- Number of NOEs Issued: **294**
- Number of Total Closed Loans: **150**
- Average Purchase Price: **$288,439**
- Average Loan Amount: **$60,647**
- Average Age of Homebuyer: **38**
- Average Household Size: **2**
- Average Household Income: **$52,446**

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. FY 2018 was DCHFA's second year as a co-administrator.

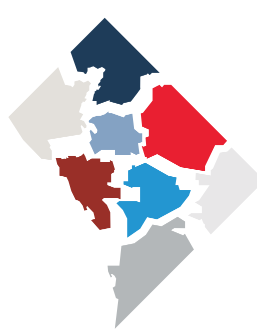
HPAP Loans by Ward

WARD 1
5

WARD 2
0

WARD 3
6

WARD 4
9



WARD 5
12

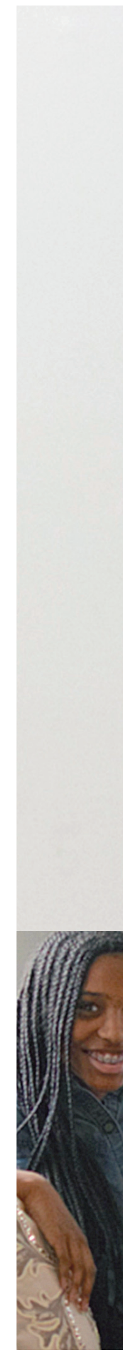
WARD 6
15

WARD 7
53

WARD 8
50

Realizing the Dream of Homeownership with HPAP and DC Open Doors

Elisabete Gaffney's journey to homeownership accelerated after attending a DC Open Doors bimonthly Homebuyers' Informational Sessions. It was here that she first discovered the HPAP and DC Open Doors programs. Elisabete was able to receive great interest rates without being in the top tier of credit scores, which allowed her home-buying process to be much smoother than she originally anticipated. "Through DC Open Doors and HPAP I was able to receive the maximum allowed, $80,000, plus $4,000 for the closing cost and a really good interest rate that is really hard to get," said Elisabete. She also appreciated how programs such as HPAP did not prolong her route to homeownership. It only took Elisabete 45 days to close on her dream home. "I was able to buy a single-family home, 962 square-feet with 5,000 square-feet of land because of these programs." In June 2018, Homeownership Month, Elisabete and her two children moved from their small apartment into their family home in Ward 7.




HPAP

CohnReznick LLP
cohnreznick.com

CohnReznick
ADVISORY • ASSURANCE • TAX

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, 2018 and 2017, 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, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 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 87 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 December 28, 2018, on our consideration of the District of Columbia Housing Finance Agency'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's internal control over financial reporting and compliance.

Baltimore, Maryland
December 28, 2018

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2018 AND 2017

ASSETS	2018	2017
CURRENT ASSETS		
Unrestricted current assets:		
Cash and cash equivalents	$ 29,971,955	$ 52,441,678
Investments	16,478,968	606,044
Other receivables	5,873,829	3,920,531
Accrued interest receivable	351,029	195,329
Prepaid fees	125,934	116,487
Total unrestricted current assets	**52,801,715**	**57,280,069**
Restricted current assets:		
Cash and cash equivalents	216,836,747	121,523,730
Accounts receivable - HPAP program	1,990,084	1,432,419
Investments held in trust	129,373,951	32,989,304
Mortgage-backed securities at fair value	28,562	7,050,476
Mortgage and construction loans receivable, net	12,693,512	22,206,050
Accrued interest receivable	5,667,041	4,904,939
Total restricted current assets	**366,589,897**	**190,106,918**
TOTAL CURRENT ASSETS	**419,391,612**	**247,386,987**
NON-CURRENT ASSETS		
Unrestricted non-current assets:		
Investments	13,785,535	3,026,869
Mortgage and construction loans receivable	-	4,975,000
Total unrestricted non-current assets	**13,785,535**	**8,001,869**
Restricted non-current assets:		
Investments held in trust	70,814,623	10,562,286
Investments in joint ventures	896,342	540,931
Mortgage-backed securities at fair value	35,286,933	50,318,056
Mortgage and construction loans receivable, net	1,209,802,955	1,051,167,923
Loans receivable	3,649,562	3,952,505
McKinney Act loans receivable, net	4,326,943	1,290,402
Total restricted non-current assets	**1,324,777,358**	**1,117,832,103**
Capital assets:		
Land	573,000	573,000
Property and equipment	6,940,301	6,416,376
Less accumulated depreciation and amortization	(4,960,415)	(4,568,499)
Total capital assets, net	**2,552,886**	**2,420,877**
TOTAL NON-CURRENT ASSETS	**1,341,115,779**	**1,128,254,849**
TOTAL ASSETS	**$ 1,760,507,391**	**$ 1,375,641,836**
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized deferral on bond refundings	$ 206,615	$ 215,674
Total deferred outflows of resources	**$ 206,615**	**$ 215,674**

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2018 AND 2017

LIABILITIES AND NET POSITION	2018	2017
CURRENT LIABILITIES		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	$ 652,646	$ 288,076
Accrued salary and vacation payable	300,062	279,498
Prepaid fees	1,803,302	1,513,314
Total current liabilities payable from unrestricted assets	**2,756,010**	**2,080,888**
Current liabilities payable from restricted assets:		
Accounts payable and accrued liabilities	653,692	43,873
Project funds held for borrower and other liabilities	179,069,143	111,085,298
Interest payable	8,268,646	6,756,852
Current portion of loan payable	1,726,077	8,710,532
Current portion of bonds payable	33,356,433	21,568,523
Total current liabilities payable from restricted assets	**223,073,991**	**148,165,078**
TOTAL CURRENT LIABILITIES	**225,830,001**	**150,245,966**
NON-CURRENT LIABILITIES		
Non-current liabilities payable from restricted assets:		
Bonds payable - less current portion	1,413,317,566	1,112,408,793
Total non-current liabilities payable from restricted assets	**1,413,317,566**	**1,112,408,793**
TOTAL LIABILITIES	**1,639,147,567**	**1,262,654,759**
NET POSITION		
Net invested in capital assets	**2,552,886**	**2,420,877**
Restricted for:		
Bond Fund, collateral and Risk Share Program	29,302,688	28,863,175
McKinney Act Fund	8,927,945	7,638,929
Total restricted net position	**38,230,633**	**36,502,104**
Unrestricted net position	**80,782,920**	**74,279,770**
TOTAL NET POSITION	**121,566,439**	**113,202,751**
TOTAL LIABILITIES AND NET POSITION	**$ 1,760,714,006**	**$ 1,375,857,510**

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
OPERATING REVENUES		
Investment interest income	$ 2,942,316	$ 2,009,159
Mortgage-backed security interest income	1,899,897	3,124,359
Interest on mortgage and construction loans	50,485,049	42,563,900
McKinney Act interest revenue	466,066	342,930
Application and commitment fees	141,783	283,856
Other	34,367,545	30,508,783
Total operating revenues	**90,302,656**	**78,832,987**
OPERATING EXPENSES		
General and administrative	23,151,660	18,205,393
Personnel and related costs	5,606,409	5,871,029
Interest expense	51,284,949	42,813,074
Depreciation and amortization	391,915	139,468
Trustee fees and other expenses	889,766	1,686,432
Total operating expenses	**81,324,699**	**68,715,396**
OPERATING INCOME	**8,977,957**	**10,117,591**
NON-OPERATING REVENUES/EXPENSES		
Federal and city programs:		
Program revenue	9,499,918	2,402,133
Program expenses	(9,499,918)	(2,259,123)
Decrease in fair value of mortgage-backed securities and investments	(614,269)	(1,793,690)
Total non-operating revenues/expenses	**(614,269)**	**(1,650,680)**
CHANGE IN NET POSITION	**8,363,688**	**8,466,911**
Net position, beginning of year	113,202,751	104,735,840
Net position, end of year	**$ 121,566,439**	**$ 113,202,751**

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Interest received on loans	$ 50,866,255	$ 42,906,830
Other cash receipts	109,575,897	30,288,030
Payments to vendors	(31,490,417)	(20,721,504)
Payments to employees	(5,585,845)	(5,784,345)
Net mortgage and construction loans (disbursements) receipts	(146,881,092)	(31,290,981)
Principal and interest received on mortgage-backed securities	63,966,821	9,332,374
Payment for the purchase of mortgage-backed securities	(41,448,423)	-
Other cash payments	(889,766)	(10,748,410)
Net cash (used in) / provided by operating activities	**(1,886,570)**	**13,981,994**
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(523,925)	(618,101)
Net cash used in capital and related financing activities	**(523,925)**	**(618,101)**
Cash Flows from Non-Capital Financing Activities		
Interest paid on bonds and loans	70,889,667	(43,483,154)
Proceeds from bond issuances and loans	207,468,360	195,326,048
Principal payments on issued debt and loans	(22,409,896)	(201,206,564)
Net cash provided by / (used in) non-capital financing activities	**255,948,131**	**(49,363,670)**
Cash Flows From Investing Activities		
Net investment in joint ventures	(355,411)	(540,931)
Interest received on investments	2,942,316	2,009,159
Maturities and sales of investments	18,034,601	19,859,082
Purchase of investments	(201,315,848)	(12,688,339)
Net cash (used in) / provided by investing activities	**(180,694,342)**	**8,638,971**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	72,843,294	(27,360,806)
Cash and cash equivalents, beginning of year	173,965,408	201,326,214
Cash and cash equivalents, end of year	**$ 246,808,702**	**$ 173,965,408**

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Reconciliation of Operating Income to Net Cash (Used in) / Provided by Operating Activities		
Operating income	$ 8,977,957	$ 10,117,591
Depreciation and amortization	391,915	139,468
Amortization of prepaid items, premiums and discounts on debt	120,662,822	(578,884)
Interest on bonds/loans	(70,889,667)	43,483,154
Provision for uncollectible interest revenue	(77,351)	(34,395)
Increase in mortgage and construction loans	(146,985,379)	(31,290,981)
Decrease in mortgage-backed securities	62,899,865	7,376,843
Purchases of mortgage-backed securities	(41,448,423)	-
Increase in fair value of investments	-	(194,061)
Interest received on investments	(2,942,316)	(2,009,159)
Asset / (liability) adjustment		
(Increase) decrease in assets:		
Accrued interest receivable	(840,451)	(1,181,317)
Other current assets	(9,447)	-
Other receivables	(2,406,676)	(3,016,865)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	992,878	224,581
Prepaid items	289,988	(659,015)
Project funds held for borrower and other liabilities	67,985,921	(8,303,770)
Accrued interest payable	1,511,794	(91,196)
Net cash (used in) / provided by operating activities	**$ (1,886,570)**	**$ 13,981,994**

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