MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms the A1 rating on the District of Columbia Housing Finance Agency. The outlook is revised to stable

12 Aug 2025

New York, August 12, 2025 -- Moody's Ratings (Moody's) has affirmed at A1 the issuer rating on the District of Columbia Housing Finance Agency (DCHFA or the Agency). As of September 30, 2024, there was $375.245 million in bonds outstanding. The outlook was revised to stable from positive.

RATINGS RATIONALE

The affirmation of the issuer rating reflects that the Agency's strong financials as per a net combined fund balance as a percentage of bonds outstanding of 126% and a low risk profile including a multifamily program that is fully secured with strong mortgage insurance provisions will continue. Additionally the rating is based on the support provided by the Federal Housing Administration Section 542(c)(3) (FHA) Risk Sharing program on the Multifamily Program Bonds.

The Agency continues to address governances challenges resulting from management turnover. Governance risk is a key driver to the rating. The Agency has a management team that has a strong relationship with the district.

RATING OUTLOOK

The revision to the stable outlook reflects the program's solid financial performance, as demonstrated by 30% net profitability for fiscal year 2024, which is expected to be sustained given the stable, fully enhanced portfolio. However, management turnover raises concerns about the long-term strategic continuity and governance stability.

FACTORS THAT COULD LEAD TO A UPGRADE OF THE RATING

- Continuation of a stabilization in the management team combined with stable financial performance and similar levels of risk within the loan portfolio

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- A change in policy, resulting in increased use of riskier loan and/or bond structures.

- Deterioration of DCHFA's financial position with a risk adjusted net asset ratio below 5%

-Significant turnover within the management team

PROFILE

The Agency primarily issues taxable and tax-exempt mortgage revenue bonds to lower the financing costs for single family homebuyers and multifamily developers acquiring, constructing, and rehabilitating rental housing in the District of Columbia.

METHODOLOGY

The principal methodology used in this rating was US Housing Finance Agency Issuer Ratings published in April 2024 and available at https://ratings.moodys.com/rmc-documents/418243. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/rmc-documents/435880.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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