

District of Columbia Housing Finance Agency

May 7, 2026

This report does not constitute a rating action.

Credit Highlights

- S&P Global Ratings' issuer credit rating (ICR) on the **District of Columbia Housing Finance Agency** (DCHFA) is 'AA-'.
- The outlook is stable.

Rationale

Security

An ICR reflects the obligor's general creditworthiness, focusing on its capacity and willingness to meet financial commitments when they come due. It does not apply to any specific financial obligation, because it does not consider the obligation's nature and provision, standing in bankruptcy or liquidation, statutory preferences, or legality and enforceability.

Credit overview

DCHFA maintains a low-risk asset base, conservative debt profile with minimal exposure to variable interest rates, stable equity ratios, and sufficient liquidity to meet short-term needs. We view its almost \$10 million program subsidy in 2025 to affordable housing properties affected by rental payment arrearages from COVID era measures as a one-time event, which will not have a sustained negative impact on its five-year average return on average assets (ROA), which is currently at 2.41% and is strong compared with that of similarly rated peers. This reflects the agency's ability to manage its financial performance while supporting its mission. Given some recent turnover in its management team with a new CFO in 2025 following the previous CFO's retirement, we continue to view the agency's management team as experienced and prudent. DCHFA is one of our smallest rated housing finance agencies (HFAs) based on asset size, and as a result we could see some year-over-year volatility in metrics.

The rating reflects our view of DCHFA's:

- Financial strength, as measured by nearly \$208 million in equity, net equity-to-assets ratio of 25% in fiscal 2025 and 25.4% on a five-year average with one of the smallest asset bases of our rated HFAs;

Primary Contact

Suyun Qu
Chicago
1-312-233-7018
suyun.qu
@spglobal.com

Secondary Contact

Shirley Flores
New York
(646) 831-2467
Shirley.Flores
@spglobal.com

- Above-average profitability compared with that of peers, measured by a five-year average ROA of 2.4%, and net interest margin (NIM) of 0.3% and low-risk asset base, which consists of mortgages either insured by the government and private mortgage insurance providers or backed by Ginnie Mae, Fannie Mae, or Freddie Mac mortgage-backed securities (MBS);
- Weaker liquidity metrics when compared with those of peers, with a short-term investments-to-total assets ratio of 27.5%, and total loans-to-total assets ratio of 40% in fiscal 2025; and
- Strong management team and board members, with a track record of adapting programs through strategic initiatives that have historically increased the agency's asset base through difficult circumstances and the recent change in the CFO position.

Environmental, social, and governance

We analyzed DCHFA's environmental, social, and governance factors relative to its financial strength, management and legislative mandate, and the local economy. We view these factors as neutral in our credit rating analysis.

Outlook

The stable outlook reflects our view of a combination of DCHFA's high financial strength ratios measured by five-year average net equity-to-assets and ROA relative to those of peers as well as its experienced management and strategic initiatives. We believe DCHFA's strategic initiatives have, and will continue, to lead to stabilized financial ratios and will position the agency well to maintain its credit quality even during a downturn. Therefore, we do not expect to change the rating within the two-year outlook period.

Downside scenario

We could take a negative rating action if there was a substantial and sustained decline in financial performance measure by net-equity-to-assets or ROA, or a downturn in management and strategy. However, we do not expect this will occur during the two-year outlook period, barring external market conditions.

Upside scenario

Should DCHFA's capital adequacy and profitability ratios continue to improve to levels that we consider to be in line with those of 'AA' rated peers during the outlook period due to a growing and long-term stable income source from on-balance-sheet housing programs, with the continued conservative risk profile and continued management stability and strength, we could raise the rating.

Credit Opinion

Financial Strength

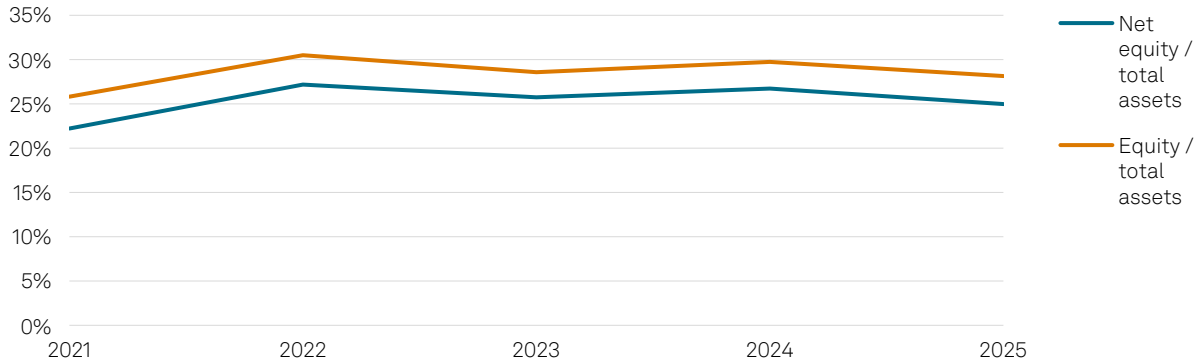
Capital adequacy

We consider DCHFA well capitalized, with strong capital adequacy ratios. We place the highest emphasis in our analysis on net equity to total assets and the related ratios. As defined in our criteria, equity refers to DCHFA's net position, excluding changes in the fair value of investments.

Similarly, net equity refers to DCHFA's net position after we adjust for projected loan losses, loan-loss reserves, and other program-specific factors, excluding changes in fair value. Therefore, net equity indicates resources available to sustain operations during difficult circumstances, to fund programs that further expand housing affordability, or to pursue other strategic priorities.

Chart 1

Equity / total assets versus net equity / total assets



Source: S&P Global Ratings.

© 2026 Standard & Poor's Financial Services LLC.

Over the past five years net equity has remained relatively stable due to the agency's strategic initiatives to build the balance sheet while maintaining consistent net income (chart 1). In our opinion, DCHFA's growing net equity trend is a credit strength. We believe DCHFA has sufficient capital based on the low-risk profile of its balance sheet. The five-year average of its net equity-to-assets ratio is 25.4%, which is higher than that of some peers in the 'AA' category. However, given the agency's relatively low volume of on-balance-sheet programs, the ratio can be hard to measure against other program-heavy HFAs.

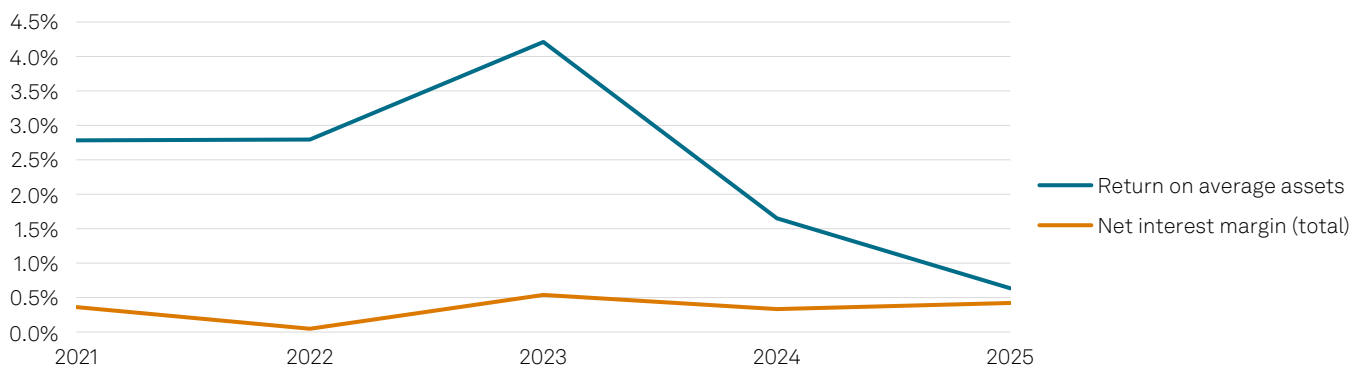
We view the relatively low-risk nature of DCHFA's debt profile to be a strength. DCHFA does not carry general obligation debt on its books. In fiscal 2022, DCHFA combined its 1996 and 2009 single-family indentures into the agency's 1988 indenture to save administrative costs and time. As a result, the agency's programs do not rely on general agency funds. The HFA's total debt outstanding was approximately \$403 million in fiscal 2025, representing a 7.5% increase from fiscal 2024. We attribute the increase to DCHFA's new issuance in the multifamily development program outpacing maturities and redemptions. We do not include DCHFA's multifamily conduit program in our analysis, which is the agency's primary focus and vehicle for multifamily lending. The agency's participation in the conduit program aligns with its public purposes mission to provide affordable housing to residents of the greater District of Columbia. DCHFA will issue bonds, backed by Federal Housing Administration (FHA) risk-share loans, out of its multifamily resolution when the deal aligns with the HFA's strategic goals. The agency established its multifamily parity resolution in 2018, which primarily includes FHA risk-share loans. DCHFA issued approximately \$59.4 million in bonds in fiscal 2025, which was offset by \$31.1 million in redemptions.

Profitability

In fiscal 2025, DCHFA's net income decreased to \$4.5 million from \$11.2 million in fiscal 2024. The decrease was due to an one-time \$10 million grant that was funded by the agency to provide relief to affordable housing properties affected by rental payment arrearages from COVID era measures. While this item is sizable and decreased the agency's ROA to 0.63%, we believe it's a one-time item and ROA should rebound in 2026; without this item the agency's ROA in 2025 would be 2.03%. On a long-term basis, the agency's five-year average ROA is 2.4%, which is well above our benchmark for the 'AA' rating category and ahead of that of peers.

Chart 2

Profitability metrics



Source: S&P Global Ratings.

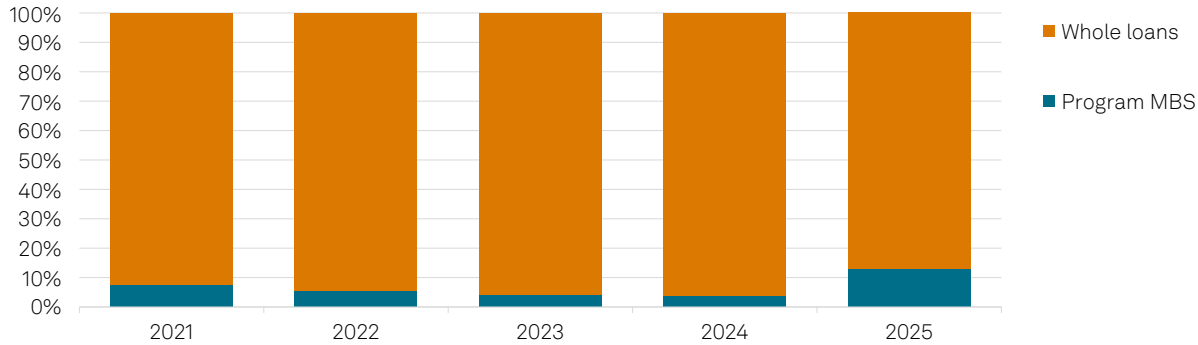
© 2026 Standard & Poor's Financial Services LLC.

Asset quality

DCHFA's total assets grew approximately 8% in fiscal 2024 to \$740.4 million, largely propelled by growth in multifamily loans. We view DCHFA's asset base as a credit strength based on its high-quality and low-risk characteristics.

Chart 3

Program MBS versus whole loans



MBS--Mortgage-backed securities. Source: S&P Global Ratings.

© 2026 Standard & Poor's Financial Services LLC.

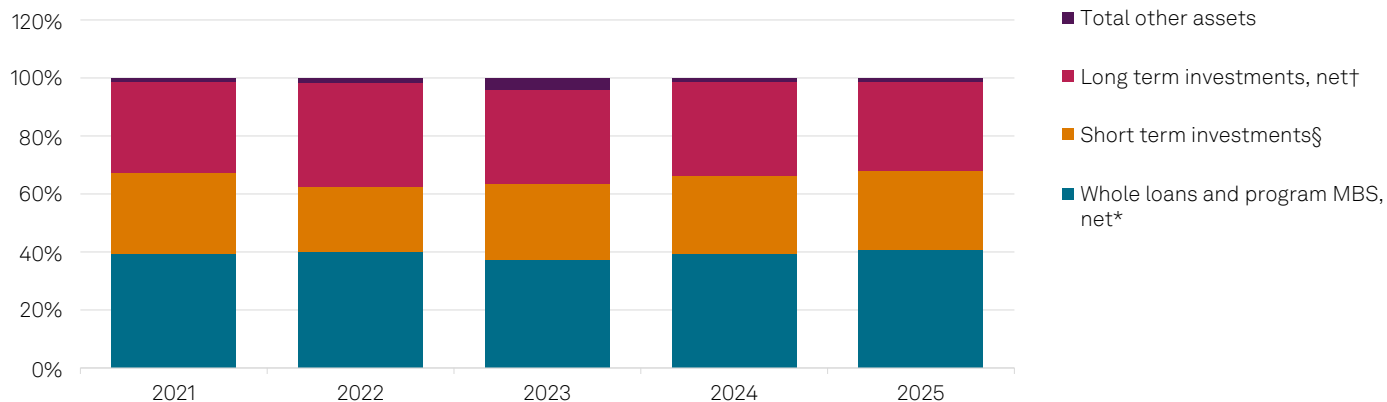
Because HFAs cannot levy taxes or raise user fees, the assessment of asset quality, in tandem with profitability, is paramount in our evaluation of creditworthiness. In our opinion, asset quality is very strong due the agency's low-risk investments and loan portfolio, which consists primarily of mortgages either insured by the government and private mortgage insurance providers or backed by Ginnie Mae, Fannie Mae, or Freddie Mac MBS. Since all of the agency's single-family loans are guaranteed, it does not maintain records of, or report, nonperforming assets (NPAs). Overall NPAs over total loans were 0.2% in fiscal 2025. In addition, we view DCHFA's investment portfolio as generally low risk based on its composition including U.S. government securities, MBS, and highly rated corporate debt. We reviewed the amount of funds being invested, investment fund management policies, and operational guidelines. We find DCHFA's investment policies and management to be strong.

Liquidity

The agency, in our view, has lower liquidity to cover short-term financial needs when compared with that of similarly rated peers. We consider asset-liability management a primary mitigant to liquidity risk as the balance sheets of most HFAs consist of long-term obligations with maturity dates that are structured to match the maturities of long-term assets. Approximately 40% of DCHFA's total assets consisted of its loan portfolio, which compares with around 70% for 'AA' rated peers. In addition, its short-term investments (including cash and cash equivalents) over total assets was approximately 27.5% in fiscal 2025 (chart 4). DCHFA has strong access to external liquidity, which is demonstrated by its historical capital market access and a preestablished line of credit.

Chart 4

Liquidity and investments as a percentage of total assets



*Whole loans and program MBS reported net of loan loss allowance. §Short-term investments including accrued interest receivable on investments and loans. †Long-term investments reported net of fair value adjustment. Source: S&P Global Ratings.
 © 2026 Standard & Poor’s Financial Services LLC.

Management

The agency is governed by five independent board members, serving two-year terms, who were appointed by the mayor of D.C. The autonomous nature and relatively new composition of the management team compared with that of peers has, in our view, the agency's strategic initiatives to allow for the proactive development of programs to meet the HFA's mission and address the needs of its constituents. The agency’s previous CFO retired in 2025 and was replaced by Melissa Lee.

In our opinion, the agency's relationship with the district government is strong given the current and historical partnerships with multifamily deals and the administration of the Home Purchase Assistance Program for the district's Department of Housing and Community Development. We consider management's ability to resolve difficult situations during its operating history as strong, as evidenced by the agency's adaptation during the pandemic with few operational disruptions while maintaining its multifamily loan volume and changing single-family loan production volume.

Economy

We believe there will be continued strong demand for affordable housing in D.C. due to the employment mix consisting of government, federal contractors and federal government-related employers, financial and other services, and hospitality and tourism. According to S&P Global Market Intelligence, most jobs are directly or indirectly connected to the federal sector. Cuts to federal employment will affect the district with forecasted job gains to fall and unemployment rates to rise.

Table 1

Financial ratio analysis

	2021	2022	2023	2024	2025	Five-year average
Capital adequacy						
Equity/total assets	25.81%	30.49%	28.58%	29.74%	28.14%	28.55%
Net equity/total assets	22.22%	27.18%	25.74%	26.73%	24.98%	25.37%
Net equity/total loans	60.99%	71.83%	71.76%	70.22%	63.06%	67.57%
Net equity/total loans + MBS (loans)	56.35%	67.78%	68.78%	67.56%	61.19%	64.33%
Equity/total debt	53.90%	60.03%	58.53%	54.42%	51.74%	55.72%
Net equity/total debt	46.39%	53.50%	52.73%	48.91%	45.92%	49.49%
Available Liquid Assets/ total loans	21.76%	26.54%	25.86%	36.57%	30.96%	28.34%
GO Debt/ total debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Profitability						
Return on average assets	2.78%	2.79%	4.21%	1.65%	0.63%	2.41%
Net interest margin	0.36%	0.05%	0.54%	0.33%	0.42%	0.34%
Liquidity						
Total loans/total assets	36.43%	37.67%	35.77%	37.99%	39.54%	37.48%
Total loan + MBS (loans)/total assets	39.43%	39.94%	37.33%	39.49%	40.75%	39.39%
Short-term investments/total assets	27.76%	22.56%	26.38%	26.86%	27.45%	26.20%
Total investments/total assets	59.25%	58.47%	58.80%	59.36%	57.90%	58.75%

Table 2

Five-year trend analysis (\$000s)

	2021	2022	2023	2024	2025
Total assets	585,218	547,294	674,025	685,408	740,401
% change	31.02	-6.48	23.16	1.69	8.02
Total debt	280,284	278,002	329,053	374,552	402,703
% change	42	-1	18	14	8
Total equity	151,071	166,893	192,606	203,829	208,353
% change	10.50	10.47	15.41	5.83	2.22
Total net equity	130,017	148,743	173,495	183,198	184,937
% change	10.87	14.40	16.64	5.59	0.95
Revenues	33,412	35,821	47,334	37,773	43,891
% change	11.46	7.21	32.14	-20.20	16.20
Expenses	19,056	19,999	21,625	26,550	29,426
% change	-0.31	4.95	8.13	22.78	10.83
Net income	14,356	15,822	25,713	11,223	4,524
% change	-13.78	21.51	7.28	39.35	13.24
Total program MBS and loans	230,750	218,575	251,586	270,661	301,732
% change	17	-5	15	8	11

District of Columbia Housing Finance Agency

Table 3

Ratings List

Current Ratings

District Of Columbia Hsg Fin A, DC Issuer Credit Rating	AA-/Stable
---	------------

Housing

District of Columbia Hsg Fin Agy, DC General Obligation ICR	AA-/Stable
---	------------

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Copyright ©2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software, or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced, or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness, or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment, and experience of the user, its management, employees, advisors, and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge) and www.ratingsdirect.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.