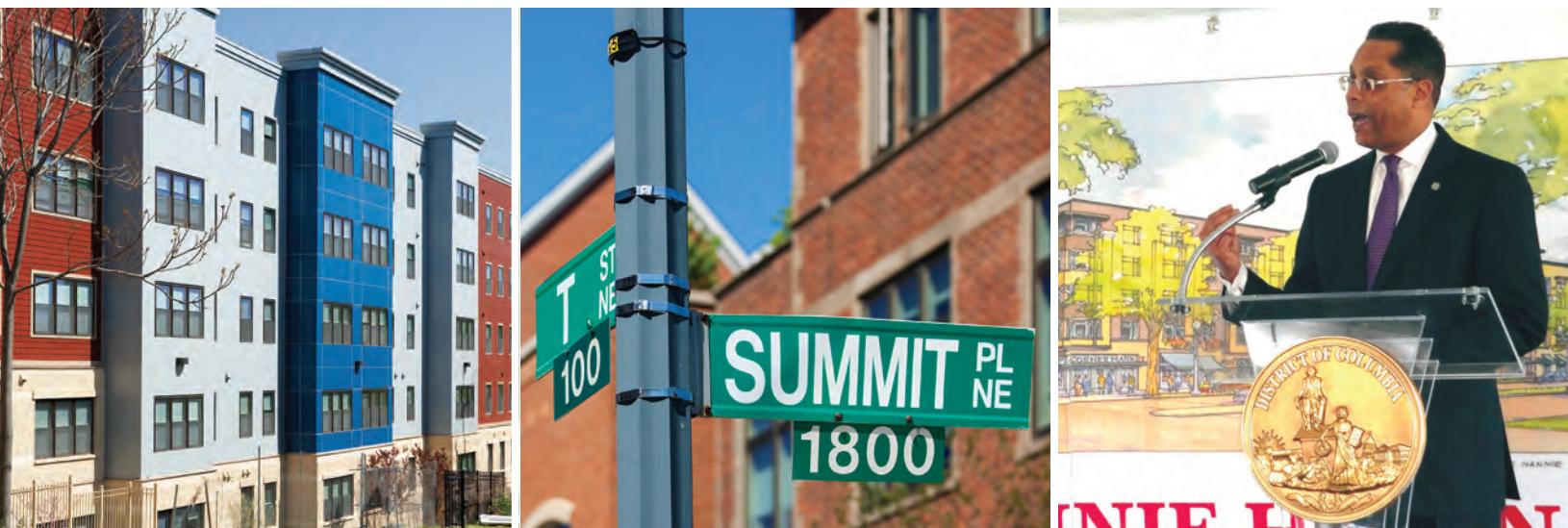


Affordable Housing in the District At a Crossroads



District of Columbia Housing Finance Agency: We Make D.C. Affordable!
ANNUAL REPORT 2011



About the DCHFA



What we do – Our Mission

The District of Columbia Housing Finance Agency (DCHFA) was established in 1979 to stimulate and expand homeownership and rental housing opportunities in Washington, D.C. We accomplish our mission by issuing mortgage revenue bonds that lower the homebuyers' costs of purchasing homes and the developers' costs of acquiring, constructing and rehabilitating rental housing. We embrace our responsibility with conviction and pledge our best efforts to serve as the city's champion for homeowners and renters and to act as the city's principal catalyst for neighborhood investment.

How we do it – Our Services

The DCHFA has two primary program areas: (1) Multifamily Housing Development; and (2) Homeownership. The DCHFA utilizes tax-exempt bonds, taxable bonds, 4 percent Low Income Housing Tax Credits, and McKinney Act Savings Funds to ensure that each program increases the availability of affordable housing opportunities to residents of the District of Columbia. The tax-exempt and taxable bond proceeds are used for multifamily and single family purposes.

Above: Angela Somers captures her son, Isaiah, in their backyard at Foundry Lofts; Peta-Gay Lewis at the front door of her new home on Corcoran Street; Overlook at Oxon Run



DCHFA BOARD OF DIRECTORS

Michael L. Wheet, *Chairman*

Jacque D. Patterson,
*Vice Chairman**

Leila Batties, *Member*

Buwa Binitie, *Member**

Derek Ford, *Member*

Harry D. Sewell, *Secretary*

* Former Board Member as of
December 2011

DEDICATION

The District of Columbia Housing Finance Agency report for the fiscal year ending September 30, 2011 is respectfully submitted to:

The Honorable Vincent C. Gray
Mayor of the District of Columbia

The Honorable Phil Mendelson
Council Chairman of the District of Columbia

The Honorable Michael A. Brown
Councilmember At-Large, Chairman of the Committee on Housing and Workforce Development

The Honorable David A. Catania
Councilmember At-Large

The Honorable Vincent Orange
Councilmember At-Large

The Honorable Jim Graham
Councilmember, Ward 1

The Honorable Jack Evans
Councilmember, Ward 2

The Honorable Mary M. Cheh
Councilmember, Ward 3

The Honorable Muriel Bowser
Councilmember, Ward 4

The Honorable Kenyan R. McDuffie
Councilmember, Ward 5

The Honorable Tommy Wells
Councilmember, Ward 6

The Honorable Yvette Alexander
Councilmember, Ward 7

The Honorable Marion Barry
Councilmember, Ward 8

Message from the Chairman



As chairman of the Board of the District of Columbia Housing Finance Agency, it has been both a privilege and a challenge to work within the housing finance industry to help make housing in Washington, D.C. more affordable for more of its citizens. The multiple challenges in the local, national and international financial markets since 2008 have strained our efforts to help provide quality housing for residents of the District that need assistance.

In an era where government-funded programs are even more closely scrutinized, the Agency has performed in exemplary fashion. To cite one example, over the last two years the Agency has utilized all of its \$168 million multifamily allocation through the New Issue Bond Program (NIBP), a new source of funding established by President Barack Obama's administration to fund quality, affordable housing for thousands of families. Few, if any, housing finance agencies in the nation have utilized these funds as efficiently as the DCHFA. This comes on top of our continued use of traditional tax exempt financing for our multifamily projects.

Further, we have maintained our tradition of delivering on this stellar record of achievement without receiving a single dollar of tax revenue to fund our operating costs. This record of success has not gone unnoticed, as the federal government and private banks that invest in housing continue to utilize the Agency as the principal conduit for improving housing access for all in Washington.

The most satisfying part of chairing the Board is seeing how our actions change the lives of Washington families. In the past year I have observed first-time homebuyers receive their first set of keys to their new homes, children move into safer neighborhoods and seniors placed in residences that are more manageable and secure. It is my goal, and the goal of my colleagues on the Board, that the Agency continues to facilitate this type of improvement in the lives of District residents. As I work with the current Board, the Agency's Executive Director, Harry Sewell, his senior management team and the rest of the Agency staff, I have confidence that our efforts will continue to help improve the market for affordable housing in Washington.

Michael L. Wheet
CHAIRMAN

Message from the Executive Director



EXECUTIVE LEADERSHIP TEAM

Harry D. Sewell
Executive Director and CEO

Fran D. Makle
Deputy Executive Director

Allison Ladd
Associate Executive Director

Anthony Waddell
Director of Public Finance

Carisa D. Stanley
*Director of Single Family
Programs*

David L. Jefferson
*Director of Compliance and Asset
Management*

Maria Day-Marshall
General Counsel

Sergei V. Kuzmenchuk
Chief Financial Officer

The role of the federal government in financing affordable housing is at a crossroads, and at the intersection of Present and Future there is great uncertainty. In the last two years, the New Issue Bond Program has served as a strong catalyst for affordable housing in our communities. This program was green-lighted by President Barack Obama's administration in 2009 and DCHFA has remained focused on fully utilizing this program to the benefit of Washingtonians.

Our Agency received \$193 million in revenue bond authority through NIBP and we used 100 percent of our multifamily allocation. We have leveraged these federal resources to develop more than 2,000 affordable rental housing units, spurring close to \$500 million in residential development. This development activity created more than 3,100 jobs in the District. In addition, through NIBP, we have assisted 65 families become new homeowners.

Over the next two years there will be extensive debates about the role of federal government in housing policy. This will include the continuation of the Government Sponsored Enterprises (FannieMae and FreddieMac), the size of the Federal Housing Administration in the mortgage market and the “rebalancing” of homeownership versus rental housing as the appropriate housing type for federal subsidy and support. The decisions reached as a result of these debates will have far-reaching consequences and determine how we will be able to continue to make D.C. affordable.

D.C. is growing. The *Washington Business Journal* reported that between April 2010 and July 2011 D.C.’s population increased faster than any state in the U.S. This growth is a sign of the vibrancy of the District, but it will also be a challenge to make sure housing supply accommodates its demand for all income groups. As the federal government chooses its path, we will continue to work with our partners to help create a market that provides more decent, safe and affordable housing for all D.C. residents.

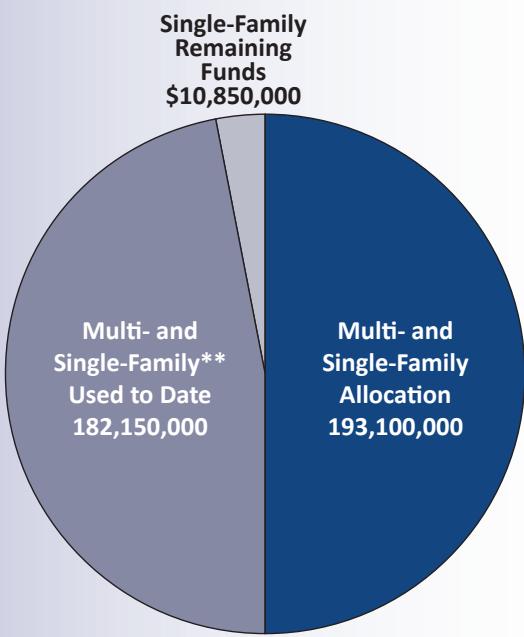


Harry D. Sewell
EXECUTIVE DIRECTOR

Cover Page
Left: Matthews Memorial Terrace
Center: Cross Streets at the Summit at St. Martin’s Apartments
Right: Executive Director Harry D. Sewell speaks at a groundbreaking

Successes of the New Issue Bond Program

The New Issue Bond Program (NIBP) is administered by the US Treasury. Its purpose is to expand affordable housing opportunities and help grow local economies. Through the NIBP bond authority was allocated to state and local Housing Finance Agencies, including the DCHFA, for temporary financing of single- and multifamily properties. Here is a breakdown of how the DCHFA has used the funds it was allocated to finance and construct affordable housing in the District.



MULTIFAMILY By the Numbers

16 affordable housing projects

- 14 Freddie Mac, 1 FHA Risk Share (Foundry Lofts), 1 Fannie Mae (Capitol Hill Towers)

2,036 units

3,100+ jobs

- 2,484 construction jobs
- 611 permanent jobs (describe these jobs?)

6 NIBP escrow releases executed

- \$168 million in NIBP Program Bonds (100% utilized)
- \$ 99 million in Market Bonds
- \$ 92 million in 4% Low Income Housing Tax Credit Equity
- \$ 484 million in Total Development Cost



SOME Bedford Falls

16 MULTIFAMILY AFFORDABLE HOUSING PROJECTS

Property	# of Units	NIBP Bonds	Market/Subordinate Bonds	4% LIHTC* Equity	Total Development Cost
Villages at Chesapeake	118	\$10,960,000	N/A	\$5,100,216	\$23,103,824
Fort View Apartments	62	\$5,310,000	\$3,730,000	\$2,660,063	\$19,375,064
Webster Gardens	52	\$3,280,000	\$2,780,000	\$1,314,843	\$13,368,682
SOME – Scattered Site	245	\$8,100,000	\$10,200,000	\$6,512,082	\$36,604,660
King Towers	129	\$12,830,000	\$2,780,000	\$6,692,112	\$33,443,484
Foundry Lofts	170	\$47,700,000	N/A	N/A	\$59,727,419
Samuel J. Simmons	175	\$13,000,000	\$13,000,000	\$10,583,142	\$55,801,013
The Avenue	83	\$3,640,000	\$6,956,436	\$7,343,518	\$27,225,854
Avalon Apartments	60	\$5,040,000	N/A	\$2,452,634	\$11,586,674
Paul Laurence Dunbar Apartments	171	\$18,700,000	\$8,600,000	\$8,728,865	\$43,309,510
Dahlgreen Courts	96	\$6,200,000	\$4,500,000	\$4,986,866	\$20,661,038
Mayfair Mansions III	160	\$8,390,000	\$8,340,000	\$9,407,253	\$33,513,596
Alabama Avenue Apartments	91	\$5,050,000	\$2,388,979	\$5,296,521	\$16,339,543
Samuel Kelsey Apartments	150	\$7,900,000	\$16,500,000	\$7,412,000	\$33,826,314
Nannie Helen at 4800	70	\$3,630,000	\$4,597,194	\$5,691,471	\$19,285,251
Capitol Hill Towers	204	\$8,370,000	\$14,610,000	\$8,295,092	\$36,442,582
Total for 16 projects	2036	\$168,100,000	\$98,982,609	\$92,476,678	\$483,614,508

*LIHTC – Low Income Housing Tax Credits



Spotlight on Foundry Lofts New Construction

Foundry Lofts is an example of innovative, integrated affordable housing. The DCHFA financed this newly constructed multifamily project near the Navy Yard metro station, which is a mixed-income building with 20 percent of the units reserved for those making 50 percent of the Area Median Income (AMI). Here are some more details about the Foundry Lofts:

- Located in Southeast D.C., near the Nationals Stadium
- A new community near the Federal Department of Transportation and the Arthur Capper Carrollsburg HOPE VI Project
- 170 new units
- 20% affordable at 50% AMI and 80% market rents
- Jobs created = 258

Financing Plan – Federal Housing Administration (FHA)

Risk Sharing

\$47.7 million

NIBP Bonds

\$12 million

Developer Funds and Equity

\$59.7 million

Total Development Cost

WASHINGTON BUSINESS JOURNAL

D.C. Housing Agency lands bond financing for Riverfront residential and more

The District of Columbia Housing Finance Agency has closed on the second of three rounds of bond financing that will give the go-ahead to \$130 million worth of development in the city, including the construction of a highly-visible Capitol Riverfront project by Forest City Enterprises Inc.

The bonds issued will help developers start or complete three apartment projects throughout the city, adding or saving 408 units of affordable housing. The Foundry Lofts at The Yards project in Southeast will deliver 34 affordable units out of its total 170 apartments.*

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Multifamily
Development Finalist:
Foundry Lofts
*Washington Business Journal's
Best Real Estate Deals of 2011*



Spotlight on Samuel J. Simmons Rehabilitation

Samuel J. Simmons was constructed more than 30 years ago and has been home for seniors in Northwest DC since that time. The DCHFA financed the rehabilitation of this building improving on exteriors and interior community space. All of the building's units are rented at affordable rates, housing residents that earn 60 percent AMI. Samuel J. Simmons is just a few blocks from the Columbia Heights Metro. Here are some more details on the property:

- Located in Northwest D.C., in Columbia Heights
- A rehabilitated building that was originally erected in 1981 to house the low income and disadvantaged by the National Caucus and Center on Black Aging.
- 100% affordable at 60% AMI
- 175 units
- Jobs created = 267

Financing Plan – Freddie Mac Credit Enhancement

\$13 million	NIBP Bonds
\$1.1 million	Developer Funds and Equity
\$55.8 million	Total Development Cost

Before Rehabilitation



After Rehabilitation





HomeSaver: A Hardest Hit Fund Initiative

Helping out of work D.C. Residents save their homes

Prolonged unemployment can lead to a quick financial downfall for homeowners. The HomeSaver initiative gives homeowners who are at high risk of foreclosure a chance to stay in their homes. The Obama Administration established the Hardest-Hit Fund to keep families out of foreclosure while simultaneously adding stability to the housing market.

DCHFA and its partners have implemented this program through a comprehensive, city-wide strategy that is beneficial to District homeowners. The plan aims to assist up to 1,000 unemployed District homeowners who are experiencing unemployment and are at-risk of foreclosure. Available program components will include: Lifeline Payment Assistance, Mortgage Payment Assistance and Restoration Payment Assistance.

Components of HomeSaver

Three Ways Homes are Saved

- 1. Lifeline Assistance** – One-time payment of up to six months mortgage delinquency for those on unemployment insurance at the time of application.
- 2. Mortgage Assistance** – Up to 15 months of mortgage payments not to exceed \$32,385 for those on unemployment insurance at the time of application.
- 3. Restoration Assistance** – For the recently employed, a one-time payment of delinquency up to \$32,385 to catch up on mortgage payments, applicant must have received unemployment benefits in the last six months.

First-time Homeowner reaches dream through the D.C. Bond Program

Peta-Gay Lewis and her daughters, Vanessa and Jade, have moved into their first home. The Lewis family has resided in the Ivy City neighborhood of D.C. since December 2011. Lewis always wanted to be a homeowner and sought to fulfill that dream by applying for homeownership programs. One of the programs that helped make her dream a reality was the D.C. Bond Program, which is administered by the DCHFA.

"My dad was like, 'Did you hear about the Bond Program?'" Lewis said. She recalls telling him that she already had her financing together.

Dad persisted.

"Well the interest rate is really good," Lewis remembers him saying. So she looked into it, applied and was able to enroll in the program.

The DCHFA Bond Program allowed Lewis to get a 30-year fixed rate mortgage with an interest rate of 4.25 percent and \$10,000 toward down payment and closing costs. Lewis used this program and others (including resources through Home Purchase Assistance Program and Mi Casa, a non-profit for affordable housing) to secure her first home. She points to the low fixed interest rate as one of the main reasons why this home is affordable.

"The interest rate reduced my [monthly] mortgage payment significantly, by about \$250," Lewis said.
"That savings can be my utilities."

Insuring that there is funding and lenders for programs like the Bond Program, which provide mortgage assistance, is vital for homeowners – especially in D.C., where residential property values are some of the highest in the nation. Front-end assistance and economically-feasible financing can help responsible prospective homeowners afford their first home. With more stories like Lewis's, the housing market can improve – getting families back on their feet and even spurring overall national economic stability.

"Literally, my mortgage is less than what I was paying in rent for a two-bedroom," Lewis said. "And it wouldn't have been possible if it wasn't for the Bond Program and everything else."

Lewis's mortgage payment is **\$1008 a month**. Her home has **three times the amount of space** as the two-bedroom apartment that her family moved out of – where her rent was **\$1050 monthly**.

Lewis knows there need to be more stories like hers. She said for most D.C. area residents, their rent payments are likely equal to or more than what they could be paying for a mortgage. For those that have good rental history, there should be programs that can transition them into a home, she said.

With their new home in Ivy City, the Lewis family is enjoying their yard, walking their dog, Prince Colby, and they recently had a housewarming. The DCHFA stands ready to partner with lenders to make sure more D.C. residents successfully get on the path toward homeownership and have the resources to keep and maintain their homes.



From our Partners' Perspective

DCHFA works with dozens of investors, developers and property managers to ensure that more D.C. residents have an affordable place to call home. Working together there have been many successes in 2011, despite the challenges within the local and national housing market. Here are a few impressions from DCHFA partners:



"As a local bank headquartered in the region, Capital One is committed to expanding economic opportunities for individuals and families in Metropolitan Washington, D.C. That's why we're proud to partner with the District of Columbia Housing Finance Agency to help provide increased opportunities for quality, affordable housing in our local communities. As partners in these efforts, we uphold the belief that increased access to affordable housing not only helps individuals and families gain greater stability, but it also creates jobs and strengthens the fabric of our city."

*Ed Delany
Senior Vice President of Community Development Finance, Capital One*



"DCHFA played a critical role in allowing Forest City to resume construction on our Foundry Lofts Apartments project at The Yards after having to suspend work because of the severe economic downturn. Their financing support made the difference in completing what is today a beautiful, well received residential component of The Yards. Harry Sewell and the DCHFA staff were true partners and were great to work with throughout this process."

*Deborah Ratner Salzberg
President, Forest City Washington*



"Harry Sewell and his DCHFA team 'talk-the-talk' and 'walk-the-walk' when it comes to their commitment to public-private partnerships. The DCHFA leadership and staff approach each deal as if it was their own and with a 'can do and will do' approach to the development of affordable housing. At Landex, we have appreciated the staff's speed and alacrity when working with us on our developments. They have spent many hours working with us to create housing that is financially, physically and socially sound. We look forward to many, many years of continued success as one of DCHFA's partners."

*Peter Siegel
CEO, Landex Development, LLC*



HAND Honors the DCHFA

The DCHFA was recognized with the "Best Housing Partner" Award by the Housing Association of Non-profit Developers (HAND) in April of 2012 for its efforts to finance housing for low and moderate income D.C. residents. The award commended the Agency's efforts in 2011 for affordable housing in the District. The DCHFA truly appreciates this honor, thanks HAND for the award and is grateful to Dantes Partners for nominating the Agency. Going forward the DCHFA remains committed to working with its partners to make D.C. more affordable.



From our Partners' Perspective *continued*



"We value the role DCHFA plays as an active partner in seeking to provide resident services to those who live in affordable multifamily rental housing."

Robert Pohlman

Executive Director, Coalition for Nonprofit Housing & Economic Development



"Over the past two decades, I have worked on multifamily housing transactions in more than 25 states and the District, and there is no housing agency I have worked with that balances its obligation to properly oversee the financing and development of projects with a willingness and desire to be 'user friendly' as well as DCHFA does. I know that when I am working with DCHFA, I am working with a group of consummate professionals who are committed to helping provide safe, decent affordable housing for the District's residents and getting a solid deal closed in a timely manner. It has truly been both an honor and a pleasure working with DCHFA."

Bob Labes

Partner, Squire Sanders



"So Others Might Eat (SOME) has appreciated DCHFA's efforts and expertise in helping us structure the combined financing of five sites to create 250 units of supportive service housing for extremely low-income families, single adults and seniors. All of those units are now complete and occupied. We look forward to partnering with DCHFA on future transactions to help house the District's most vulnerable residents."

Father John Adams

SOME



NDC is proud of the role we have played in the revitalization of the Georgia Avenue corridor, and The Heights is a shining example of what can be accomplished when the private sector works hand in hand with the community and the District government to move neighborhoods forward. We couldn't have had a better lead partner than DCHFA – they were fast, flexible and efficient and got our deal closed in less than four months start to finish. This is our second successful project with them and we look forward to doing many more.

Adrian G. Washington

Founder of The Neighborhood Development Company, LLC



"The renovation and the historic preservation of Webster Gardens and Fort View Apartments, which was completed in April 2011, preserves 114 beautifully renovated units of mixed income housing in Ward 4, including homes for 34 formerly homeless families. Somerset Development Company, LLC and Transitional Housing Corporation Affordable Housing could not have completed this development without our partners at District of Columbia Housing Finance Agency who guided us through the New Issue Bond Program – a key financing tool employed when the bond market collapsed after the economy and the housing market went into deep decline after 2008. The Journal of Tax Credit Housing presented our development team an award for 'financial innovation', an honor which DCHFA richly deserves to share in this accomplishment."

Nancy Hooff

Co-Principal of Somerset Development Company

Polly Donaldson

Executive Director of THC Affordable Housing

INDEPENDENT AUDITOR'S REPORT

TCBA

www.tcba.com

THOMPSON, COBB, BAZILIO & ASSOCIATES, PC

Certified Public Accountants and Management, Systems and Financial Consultants

1101 15th Street, NW • Suite 400 • Washington, DC 20005 • (202)737-3300 • (202)737-2684 FAX

Board of Directors
District of Columbia Housing Finance Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the consolidated balance sheets of the District of Columbia Housing Finance Agency, (the Agency) as of September 30, 2011, and the related consolidated statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended (not presented herein); and in our report dated January 9, 2012 we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Washington, DC
January 9, 2012

Thompson, Cobb, Bazio & Associates, P.C.

MAIN OFFICE: Washington, DC **REGIONAL OFFICES:** Torrance, CA • Philadelphia, PA • Dallas, TX

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

BALANCE SHEETS

SEPTEMBER 30, 2011 AND 2010

ASSETS	2011	2010
CURRENT ASSETS		
Unrestricted current assets:		
Cash and cash equivalents	\$ 17,448,820	\$ 20,348,115
Other receivables	9,321,694	7,756,218
Total unrestricted current assets	26,770,515	28,104,333
Restricted current assets:		
Cash and cash equivalents	167,101,023	227,777,976
Mortgage-backed securities at fair value	8,368,179	13,866,818
Mortgage and construction loans receivable	32,805,959	21,835,805
Accrued interest receivable	5,514,362	4,828,740
Other receivables	63,044	60,954
Total restricted current assets	213,852,565	268,370,293
TOTAL CURRENT ASSETS	240,623,080	296,474,625
NON-CURRENT ASSETS		
Unrestricted non-current assets:		
Investments	8,923,737	8,970,801
Prepaid expenses	12,773	14,686
Total unrestricted non-current assets	8,936,509	8,985,487
Restricted non-current assets:		
Investments held in trust	51,597,682	65,685,354
Mortgage-backed securities at fair value	240,289,292	226,407,266
Mortgage and construction loans receivable	543,714,223	520,137,092
Loans receivable	2,567,435	2,276,709
McKinney Act loans receivable	2,025,326	2,907,448
Other receivables	79,988	109,509
Bond issue costs, net	1,714,631	2,069,266
Total restricted non-current assets	841,988,578	819,592,643
Capital assets:		
Land	573,000	573,000
Property and equipment	3,809,705	3,720,751
Leasehold improvements	1,471,366	1,533,810
Less accumulated depreciation and amortization	(3,349,943)	(3,448,315)
Total capital assets, net	2,504,128	2,379,246
TOTAL NON-CURRENT ASSETS	853,429,216	830,957,376
TOTAL ASSETS	\$ 1,094,052,295	\$ 1,127,432,001
LIABILITIES AND NET ASSETS	2011	2010
CURRENT LIABILITIES		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 1,464,498	\$ 990,822
Accrued salary and vacation payable	223,301	181,501
Deferred revenue	504,180	735,019
Total current liabilities payable from unrestricted assets	2,191,979	1,907,342
Current liabilities payable from restricted assets:		
Accounts payable and accrued liabilities	269,593	1,152,329
Escrow deposits	29,026,879	22,001,896
Deferred credits	19,290,973	24,518,621
Deferred revenue	6,290,795	668,762
Interest payable	10,045,959	9,243,038
Loans payable	5,000,000	-
Bonds payable	35,329,084	32,552,938
Certificates of participation	130,000	120,000
Total current liabilities payable from restricted assets	105,383,283	90,257,583
TOTAL CURRENT LIABILITIES	107,575,262	92,164,926
NON-CURRENT LIABILITIES		
Non-current liabilities payable from restricted assets:		
Loans payable	484,605	454,048
Bonds payable	866,342,275	922,036,915
Certificates of participation	925,000	1,055,000
Total non-current liabilities payable from restricted assets	867,751,880	923,545,963
TOTAL LIABILITIES	975,327,142	1,015,710,889
NET ASSETS		
Invested in capital assets, net of related debt	1,449,128	1,204,246
Restricted for:		
Bond Fund and Risk Share	76,924,603	64,114,012
McKinney Act Fund	8,839,007	8,714,922
Total restricted net assets	85,763,610	72,828,934
Unrestricted net assets	31,512,415	37,687,933
TOTAL NET ASSETS	118,725,153	111,721,112
TOTAL LIABILITIES AND NET ASSETS	\$ 1,094,052,295	\$ 1,127,432,001

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
Investment interest income	\$ 3,490,543	\$ 4,092,589
Mortgage-backed security interest income	12,796,777	13,753,058
Interest on mortgage and construction loans	31,066,955	28,056,241
McKinney Act interest revenue	120,930	51,757
Application and commitment fees	172,282	164,972
Service project receipts	7,267,771	6,934,081
Other	10,713,015	10,747,036
Total operating revenues	<hr/> 65,628,273	<hr/> 63,799,735
OPERATING EXPENSES		
General and administrative	6,602,247	3,458,697
Personnel and related costs	3,661,739	3,574,126
Interest expense	41,687,263	41,393,059
Depreciation and amortization	199,313	200,016
Service project payments	7,267,246	6,943,433
Bond cost of issuance amortization	385,194	633,289
Trustee fees and other expenses	2,898,363	1,845,867
Total operating expenses	<hr/> 62,701,365	<hr/> 58,048,486
OPERATING INCOME	<hr/> 2,926,908	<hr/> 5,751,249
NON-OPERATING REVENUES/EXPENSES		
Increase in fair value of mortgage-backed securities	<hr/> 4,077,133	<hr/> 1,323,558
CHANGE IN NET ASSETS		
Net assets, beginning of year	<hr/> 7,004,040	<hr/> 7,074,807
Net assets, end of year	<hr/> \$ 118,725,153	<hr/> \$ 111,721,112

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
Cash Flows From Operating Activities		
Interest received on loans	\$ 29,988,087	\$ 28,219,640
Other cash receipts	38,607,039	18,396,377
Payments to vendors	(7,202,666)	(3,428,357)
Payments to employees	(3,634,426)	(3,589,291)
Net mortgage and construction loans (disbursements) receipts	(33,665,163)	30,858,166
Receipts of service project income	7,267,771	6,934,081
Payments of service project expenses	(7,267,246)	(6,943,433)
Principal and interest received on mortgage-backed securities	42,414,206	81,788,313
Purchase of mortgage-backed securities	(33,910,003)	(12,580,647)
Other cash payments	(20,172,353)	(7,041,908)
Net cash provided by operating activities	<u>12,425,246</u>	<u>132,612,942</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of fixed assets	(324,196)	(17,059)
Payments of bonds and long-term debt	(120,000)	(115,000)
Net cash used in capital and related financing activities	<u>(444,196)</u>	<u>(132,059)</u>
Cash Flows From Non-Capital Financing Activities		
Funds disbursed for multi-family projects	(18,568,678)	(50,661,319)
Interest paid on bonds	(41,381,538)	(43,653,944)
Proceeds from tax credit equity and other sources	14,989,725	42,876,432
Proceeds from bond issuances	82,877,997	337,765,110
Principal payments on issued debt	(130,268,738)	(285,609,804)
Bond cost of issuance	-	(639,800)
Net cash (used in) / provided by non-capital financing activities	<u>(92,351,233)</u>	<u>76,675</u>
Cash Flows From Investing Activities		
Interest received on investments	3,651,977	4,525,133
Sale of investments	44,823,810	64,337,863
Purchase of investments	(30,746,010)	(40,480,337)
Arbitrage rebate paid	(935,843)	342,789
Net cash provided by investing activities	<u>16,793,934</u>	<u>28,039,870</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(63,576,248)	160,597,428
Cash and cash equivalents, beginning of year	248,126,091	87,528,663
Cash and cash equivalents, end of year	<u>\$ 184,549,843</u>	<u>\$ 248,126,091</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 2,926,908	\$ 5,751,249
Depreciation	1 99,313	200,016
Amortization	(927,568)	(617,199)
Interest on bonds	41,381,538	43,653,944
Amortization of discount on investments	29,908	43,189
Provision for uncollectible other revenue	18,545	15,027
Provision for uncollectible interest revenue	22,790	275,038
Contingent loss expense	152,602	375,391
Decrease (increase) in mortgage and construction loans	(33,665,163)	31,129,638
Decrease in mortgage-backed securities	29,603,748	67,774,482
Purchase of mortgage-backed securities	(33,910,003)	(12,580,647)
Arbitrage rebate paid	935,843	342,789
Decrease (increase) in fair value of investments	56,935	12,986
Interest received on investments	(3,651,977)	(4,524,910)
Asset / (liability) adjustment	1,199,443	316,229
Decrease (increase) in assets:		
Receivables	(776,657)	390,510
Other current assets	(44,018)	(639,800)
Other receivables	(1,402,096)	(2,136,254)
Increase (decrease) in liabilities:		
Accounts payables and accrued liabilities	(368,157)	(219,095)
Deferred revenue and credits	1,375,493	487,450
Accrued interest payable	802,921	(1,469,775)
Escrow deposits	8,464,897	4,032,683
Net cash provided by operating activities	\$ 12,425,246	\$ 132,612,942

2012 and Beyond

A Housing Strategy for All D.C. Residents

As the DCHFA continues to focus on cultivating an environment in the District where all residents can secure affordable housing, Mayor Vincent C. Gray has commissioned a task force to shape strategy on this crucial issue. Harry D. Sewell has been named co-chair of the District of Columbia Comprehensive Housing Strategy Task Force 2012 and will work with co-chair Deborah Ratner Salzberg, President of Forest City Washington, and a host of local leaders to form strategy that focuses on housing for all District residents.

Although housing affordability is a challenge in the District and nationwide, Mayor Gray charged this task force to formulate strategies to address this issue that impacts so many D.C. residents.

"While I believe that every D.C. resident deserves a decent, safe and affordable place to live, I also know this goal can prove challenging to reach in dense, fast-growing cities like ours," Mayor Gray said. "The work of this task force will help us make these efforts more achievable for all of our residents."

Harry D. Sewell embraces this vision and believes a comprehensive strategy is the key to addressing the challenge of affordable housing.

"The task force will seek solutions to boost the production of affordable housing, yet only focusing on a 'supply side' approach will not meet the growing need for affordable housing for families and individuals with modest or lower incomes" Sewell said. "To reach a healthier availability of affordable housing in the District there needs to be a 'demand side' approach as well that decreases the number of families and individuals needing housing assistance."

The leaders on this task force will address all sides of the housing issue through the following working groups focusing on the challenge of affordable housing in the District:

- Funding
- Regulatory Environment
- Collaboration among Housing Developers, Service Providers, Job Training Programs and Educational Institutions
- Roles and Functions of D.C. Housing Agencies
- New Tools for Housing Development
- D.C. 2020



Through a series of meetings the task force will take public input, compile research and form a strategy which can be put in place to improve the state of affordable housing in the District by 2020.

For the latest visit, www.taskforce2012.org

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