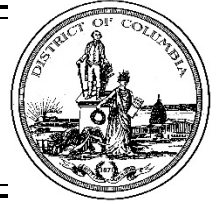

OFFICE OF ANITA BONDS
AT-LARGE COUNCILMEMBER
CHAIR, COMMITTEE ON HOUSING & NEIGHBORHOOD REVITALIZATION



February 24, 2017

Todd A. Lee
District of Columbia Housing Finance Agency
815 Florida Ave. NW
Washington, DC 20001

Dear Director Lee:

The annual performance hearing for the District of Columbia Housing Finance Agency (DCHFA) is scheduled for **February 8, 2017, beginning at 11:00 AM in Room 500**. The government witness(es) for the agency will testify following public testimony. Please plan to arrive in time to listen to the entirety of the public testimony presented with respect to your agency.

To allow the agency as much time as possible to consider and respond, attached are pre-hearing questions. So that I may make effective use of your responses, please provide **six hard-copies** of your responses as well as an electronic version in Microsoft Word **on or by the close of February 3, 2017**.

If you feel that I could use additional information outside the scope of the attached questions, please feel free to include an additional written statement. If your office requires clarification of any of the attached questions, please contact the Committee Director, Irene Kang at (202) 724-5473 or ikang@dccouncil.us. Thank you in advance for your timely and comprehensive response.

Sincerely,

Anita Bonds
At-Large Councilmember
Chairperson, Committee on Housing and Community Development

District of Columbia Housing Finance Agency (DCHFA)

QUESTIONS FOR PERFORMANCE OVERSIGHT HEARING

I. Agency Programs and Policies

- 1. Please list each policy initiative of the agency during FY16 and FY17 to-date. For each initiative please provide:**
 - a. A detailed description of the program;**
 - b. The name of the employee who is responsible for the program;**
 - c. The total number of FTEs assigned to the program; and**
 - d. The amount of funding budgeted to the program.**

The District of Columbia Housing Finance Agency has two primary program areas:

- Multifamily Housing Development; and
- Homeownership.

The Agency utilizes tax-exempt bonds, taxable bonds, 4 % 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. A detailed description of each program area follows.

While program budget information is posted below, please note that by statute, the Agency’s budget is independent of the D.C. Government’s Executive Branch. The Agency is self-funded with no appropriations from the District government. Revenue is derived from the issuance of Multifamily Housing Mortgage Revenue Bonds, financing of single family loans, investment of bond proceeds and related funds, general funds, 4% Low Income Housing Tax Credits, and McKinney Act Savings Funds.

Employee/FTE information related to each program is contained in the chart provided in **Employee Position Listing in Tab 2**.

MULTIFAMILY HOUSING DEVELOPMENT PROGRAMS

The Office of Multifamily Lending and Neighborhood Investment manages the multifamily housing development functions for the Agency. Christopher E. Donald serves as the Director of the division, which is comprised of 7 full-time employees. The Office of Multifamily Lending and Neighborhood Investment underwrites and facilitates the processing of financing applications for affordable multifamily rental

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housing projects in the District. The Department's operating budget for FY 2016 was \$1,019,178. Its operating budget for FY 2017 is \$1,039,049.

The Agency's Office of Multifamily Lending and Neighborhood Investment uses tax-exempt and taxable bonds, 4% Low Income Housing Tax Credits and low-cost specialized loan funds (McKinney Act Savings Funds) as financing tools that increase the development community's ability to provide affordable, safe and decent housing to low-income and special needs populations. The multifamily housing mortgage revenue bond and tax credit products serve as vehicles for developers to access low-cost institutional debt and equity tools that enhance return on investment. When combined with 4% Low-Income Housing Tax Credits and other subsidies, the Agency's housing mortgage revenue bond product, which is offered in enhanced and unenhanced structures, provides competitive below-market rate pricing and helps to preserve, rehabilitate and construct affordable and mixed-income housing in the District.

Nonprofit and for-profit developers are able to take advantage of the financing programs. Depending on the project's eligibility, tax-exempt bonds, taxable bonds or low-interest loans can be used for predevelopment activities as well as to finance the acquisition, rehabilitation and/or new construction of rental housing, cooperatives, assisted-living facilities and transitional housing.

The Agency's Office of Multifamily Lending and Neighborhood Investment prides itself on serving the real estate development community by offering a streamlined financing process. Staff members and a committed slate of third party professionals provide technical assistance on all aspects of underwriting to affordable housing developers and act as facilitators with District and federal government agencies to help expedite the permitting process and other approvals. In addition, the Agency's staff provides ongoing construction monitoring to ensure construction is successfully completed and properly managed.

HOMEOWNERSHIP PROGRAM

The Homeownership Program is the responsibility of Lisa Hensley, the Director of Single Family Programs. 5 FTEs are assigned to the Single Family homeownership program. The Department's operating costs for FY 2016 were \$545,286 due to vacancies. Its approved operating budget for FY 2017 is \$641,277.

In 2012, the Agency retooled its single family mortgage program in response to drastic changes in the national correspondent lending landscape. The new program, DC Open

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Doors, offers District residents a more competitive product offered by a trusted agency dedicated to the mission of affordable housing.

In June, 2017, the Agency implemented a Mortgage Credit Certificate (MCC) product, which provides borrowers with a tax credit of up to 20% of the interest annually paid. Since its launch on 6/16/16, 32 DC Open Doors Loans closed with MCCs (total underlying loan amount of \$9,630,013). During that period, 13 non-DC Open Doors loans closed with MCCs (total underlying loan amount of \$4,673,730).

To-date, the Agency has committed \$15,000,000 in single family bond allocation for MCCs and is allocating an additional \$50,000,000 to single family for CY 2017.

Through its Homeownership Program, the District of Columbia Housing Finance Agency will continue to increase the number of participating lenders and the volume of loans produced.

HOMESAVER (FORECLOSURE PREVENTION PROGRAM)

The District of Columbia Housing Finance Agency's HomeSaver Program is currently overseen by DCHFA Director of Single Family Programs, Lisa Hensley. The HomeSaver Program is a federally funded, foreclosure prevention initiative that provides one-time and ongoing monthly mortgage assistance to eligible unemployed and underemployed District of Columbia homeowners.

DCHFA stopped accepting new HomeSaver applications in November, 2013 after committing most of its federally allocated funds. However, HomeSaver mortgage assistance payments are currently being made the last remaining four program participants. The final disbursement of payment occurred in May 2016.

On June 27, 2016, DCHFA relaunched the HomeSaver Phase I mortgage assistance program after receiving two allocations from the U.S. Department of Treasury.

In February 2016, the Treasury Department announced plans to obligate up to \$2 billion in additional Troubled Asset Relief Program (TARP) funds to the Hardest Hit Fund (HHF) and extend the program through 2020. DCHFA received an allocation of \$4,924,602 following this announcement.

On April 20, 2016, the U.S. Department of the Treasury announced the recipients of the final \$1 billion allocation in funds under the Hardest Hit Fund (HHF). The Agency was one of 13 HFAs selected from a competitive application process to receive funding in

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this fifth and final round. DCHFA was awarded \$3,123,331 as a part of this second phase of allocation. Both awards bring the Agency's total amount of HHF funding granted this year to \$8,047,933.

This program is federally funded and fully reimbursable and costs are based upon the availability of federal funding. Only 1 FTE is assigned to the HomeSaver program for FY16 and FY17. Currently, the US Treasury allows no more than 20% of the total available funds to be expended toward DCHFA costs. Through FY16, only 64% of the permitted administrative expenses had been incurred throughout the 6 year program.

THE HOMESAVER PHASE II-TAX LIEN EXTINGUISHMENT PROGRAM.

With \$3 million in HomeSaver program funds remaining, including recycled funds from HomeSaver, Phase I, DCHFA recognized the opportunity to further leverage HHF resources in favor of struggling District homeowners. In-depth research, as well as collaboration with the US Treasury, and the DC Office of Tax and Revenue followed, and ultimately resulted in the HomeSaver Phase II-Tax Lien Extinguishment Program. The program provides one-time assistance to eligible District of Columbia homeowners at risk of foreclosure due to delinquent real property taxes.

HomeSaver Phase II is overseen by DCHFA Director of Single Family Programs, Lisa Hensley. There is currently 1 FTE dedicated to the initiative.

- 2. Please describe any initiatives the agency implemented within FY16 and FY17 to-date, to improve the internal operation of the agency, reduce waste, fraud and abuse, or facilitate the interaction of the agency with outside parties. Please describe the results, or expected results, of each initiative.**

Per the request of the U.S. Treasury, the Agency maintains a fraud hotline in conjunction with the HomeSaver Program. The enhancements ensure that any complaints filed through the hotline regarding the HomeSaver Program are forwarded to the U.S. Treasury by the Board of Directors. Additionally, there exists a hyperlink from the Agency's website to the fraud hotline website, the fraud hotline pamphlet and other pertinent information related to the hotline. While no new systems have been installed, the Agency remains diligent in its maintenance and review of all policies and procedures devoted to its efficient operation.

- 3. Please explain the impact on the agency of any legislation passed at the federal level during FY16 and FY17 to-date.**

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On November 16, 2016, HUD published in the Federal Register the final rule implementing housing provisions under the Violence Against Women Reauthorization Act of 2013 (VAWA) as it applies to HUD programs. The rule codifies VAWA core protections across covered HUD programs to ensure individuals are not denied assistance, evicted, or have their assistance terminated because of their status as victims of domestic violence, dating violence, sexual assault and stalking, or for being affiliated with a victim. The 2013 VAWA legislation and resulting final rule expands the number of HUD programs subject to VAWA protections. Previously, only residents of public housing and Section 8 tenant-based and project-based programs were covered by VAWA legislation as passed by Congress in 2005.

The final rule extends VAWA protections to other federal housing programs, including the Low Income Housing Tax Credit Program, which DCHFA administers.

4. What District legislation has yet to be implemented by the Agency, if any? If legislation has not yet been implemented, please explain why.

The DCHFA is not currently responsible for the implementation of any District legislation. The Agency is in compliance with all relevant District law.

5. What has the agency done in FY16 and FY17 to-date to make the activities of the agency more transparent to the public? In addition, please identify ways in which the activities of the agency and information retained by the agency could be made more transparent.

The DCHFA is fully compliant with the Open Meetings Amendment Act of 2010, and therefore, ensures that it performs meetings in an open and transparent fashion that are accessible by the public at-large. In addition, DCHFA maintains a website focused on strong outreach, marketing and public notice. The Agency has a very robust public relations mechanism in which press releases are issued when multifamily transactions are closed and other significant events related to the Agency occur, and in which there is outreach to the media resulting in published articles providing useful information to the public. The published articles are shared with the public through DCHFA website and social media.

The Agency engages the public through its social media platforms Facebook and Twitter. The Agency operates accounts devoted to DCHFA wide activities as well as accounts for DC Open Doors on Facebook and Twitter. Finally, the Agency hosts

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homebuyer seminars bi-monthly at its offices and whenever requested by lenders, realtors and other organizations. The seminars are marketed through advertising with local media outlets, posts to online event sites and community calendars of local media outlets and all of the Agency's social media platforms. The seminars are covered live and information is shared via Twitter as it happens. The public may also submit questions via social media to be answered during the seminars. The social media accounts are monitored for all questions from the public and answered via social media direct message, email or follow-up calls when appropriate.

In addition DCHFA co-markets seminars held outside of the Agency by lenders and/or realtors that feature DC Open Doors and/or the Mortgage Credit Certificate. Staff members from the Single Family programs division that oversees both programs also participate in these seminars as speakers. The Single Family programs staff also participates yearly in the DC Housing Expo where it has the opportunity to share information with the public about its programs. At the 2016 expo DC Open Doors was an exhibitor and conducted a workshop during the expo entitled "DC Open Doors & MCCs Explained." The Agency also engages the public through the annual DC Open Doors House Crawl, where the public is invited to the Agency to learn about the program, meet with lenders and tour homes for sale in the District. The Single Family staff also participates in a number of home ownership events held throughout the city that are sponsored by churches and nonprofits.

In January 2017, Multifamily Lending and Neighborhood Investments, and Single Family Programs were both exhibitors at the DC Economic Development Cluster Open House. DCHFA's executive director and staff members were present at the event to inform the public about the Agency's programs and activities.

Information to which the public has access includes the following:

- Postings of business opportunities including Requests for Qualifications, Requests for Bids, and Requests for Proposals.
- Notice of meetings of the Board Directors and meeting agendas
- Publication of the Agency's "professional slates" of underwriters/investment banks, counsel, trustees, financial advisors, and other third party professionals.
- Official bond issuance statements.
- Audited financial statements.
- Annual reports.

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- Available rental opportunities in developments financed by the Agency.
- Information about DC Open Doors, the Agency's single family mortgage loan program.
- Information about HomeSaver, the Agency's single family foreclosure prevention program
- Information about the Mortgage Credit Certificate, the Agency's single family home purchaser's incentive that provides qualified borrowers the ability to claim a Federal Tax Credit of 20 percent of the mortgage interest paid during each calendar year.

As a primary financier and monitor of affordable housing in the District of Columbia, the DCHFA has access to information on the availability of affordable housing within its portfolio. During Fiscal Year 2016 the Agency added a feature to its website that provides up-to-date information on availability of units in existing properties, as well as time-of-delivery information on DCHFA developments under construction.

DCHFA's website currently offers a great deal of information on its current activities and retained information. The Agency does, however, realize the importance of a user friendly web interface. The Agency continuously updates the website with the user in mind. DCHFA is working to select a web design firm to revamp the usability of its website. Once work on the Agency's website is complete, activities and information retained will be easier to locate by the browsing public.

6. Please describe how the agency solicits feedback from customers.

a. What has the agency learned from this feedback?

b. How has the agency changed its practices as a result of this feedback?

The DCHFA conducts regular seminars at its Headquarters, which are primarily intended to educate members of the home-buying public about the DC Open Doors Program, and its parameters for successful participation. The sessions presentations typically include the participation of mortgage and real estate sales professionals, who walk attendees through the program and general home purchase process.

The Agency regularly solicits feedback from participants and co-presenters about the sessions. In so doing, Single Family Program personnel learned that participating real estate professionals, while well versed in the DC OpenDoors program, their colleagues were also eager to learn about the program, but were unable to attend events held at the Agency.

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As a result of that feedback, Single Family Program staff regularly visit lender and real estate sales offices in an effort to better and more extensively educate the professionals who present DC Open Doors to the public at the retail level. This enhanced outreach has had the effect of increasing program awareness among those real estate professional's which in turn results in increased public exposure and participation.

It is important to note in addition, that the Agency maintains "contact us" link on its website, which serves as a portal for questions and feedback from the general public.

- 7. How many projects and transactions did DCHFA fund in FY16 and FY17 to-date? Please include total funded amount in dollars, and how many transactions the Agency plans to close in this fiscal year. How does DCHFA prioritize the projects?**

DCHFA has closed 14 transactions in FY 2016 and 3 transactions in FY 2017 to-date and plans to close 11 additional transactions before the end of this fiscal year.

DCHFA accepts applications on a rolling basis. The projects are scored / rated against objective scoring criteria. The scoring, as detailed in the Agency's Allocation Plan and Application, among other things, measures the sponsor's/ development team's experience and financial wherewithal. Additionally, the project is measured against city wide goals that have been adopted by the Agency and incorporated in the scoring criteria. If the project receives a score of at least 60 out of 100, the project is advanced to further underwriting with the goal of allocating tax exempt bonds and Low Income Housing Tax Credits (LIHTC) in an amount necessary for the financing plan. To-date, the Agency's private activity bond volume cap, which is the agency's major financing tool, has not been constrained. If volume cap becomes constrained in the future, the Agency would award the volume cap based on the date of receipt of the project's application and based on the score that the application achieves.

- 8. Please describe the Agency's policies regarding defaulting or distressed residential housing properties, including:**
- a. Following a default, how often the Agency communicates with stakeholders (such as tenants and tenant associations) with status-related information;**
 - b. How tenants are engaged in the decision-making process in the disposition of a defaulting property; and**
 - c. The determination of how to dispose of a defaulting property backed by HUD.**

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DCHFA is a mission driven agency which is expressly committed to the goal of providing quality affordable housing to District residents. As such we feel a keen sense of responsibility to tenants at Agency-financed properties, and to the greatest extent possible, we strive to ensure that the tenants at distressed or defaulting properties are involved in the decision-making process and updated with regard to the execution of the disposition. Inclusion of the tenants to the greatest extent practicable at every stage of the disposition process has been our practice, and we plan to continue to do so.

Distressed multifamily residential properties are closely monitored by reviewing monthly financials, annual financial audits, mortgagee inspections and requiring the Borrower to create a Corrective Action Plan (CAP). The CAP is monitored monthly to ensure corrective performance goals are obtained.

For defaulting multifamily residential housing properties we work with the Borrower/Owner in attempts to resolve the matter causing the default. If Borrowers/Owners are unwilling to cooperate, the Agency will attempt to preserve the property by legally pursuing possession of the project by becoming the Mortgagee In Possession, or proceeding with the legal foreclosure process to adversely obtain possession.

The Agency notifies all stakeholders regarding all required reporting and non-compliance matters.

When HUD-assisted developments are involved, HUD is notified/copied on all correspondence issued to the Borrower, urgent matters are reported daily via email and a summary report regarding the portfolio is issued semi-annually.

The DC Department of Housing and Community Development (DHCD) and DC Housing Authority (DCHA) are notified/copied on all correspondence issued to the Borrower/Owner if required. Urgent matters are reported daily via email and by telephone.

The Agency routinely meets with tenant groups, subject property management agents, as well as representative ANCs and Councilmembers before legal proceedings are initiated, and provide status updates throughout the process. Close contact with all of these groups aids in the smooth transition of legal ownership, and helps ensure that the premises are maintained per applicable building codes and regulations.

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The Projects funded with tax-exempt bonds and credit-enhanced with FHA mortgage insurance through the HUD Risk Share program follow the guidelines set forth in the provisions of the HUD handbook, which specify required disposition methods for properties in default (4350.1 Chapter 10 & 4566.2 Chapter 10).

- 9. Please describe the outcome of the Agency's relaunch of the HomeSaver Phase I program and how the Agency plans to continue administering this program in FY17.**

The relaunch of HomeSaver Phase I has resulted in 66 new applications to include both phases. So far, 16 have received and/or are still receiving assistance and 39 are still in process or awaiting the execution of servicer agreements, which are needed to participate in the program.

In November 2016 the Agency received approval from the US Department of Treasury to make changes to both Phases of the program in an effort to align with the current needs of the community, to include so called "catch-up" payments for up to 9 months, and to change Phase II tax lien extinguishment into a restore program that would allow a one-time catch-up on not only real property taxes, but on condo/association fees, reverse mortgages where the servicer stepped in to pay taxes, etc.

Additionally, the assistance cap per household has been increased from \$38,400 to \$60,000. The Agency hopes to have these changes fully implemented by the end of February, 2017.

- 10. Please provide an update on how the Agency is implementing recommendations from the Comprehensive Housing Strategy Task Force, including the affordable housing unit goals for year 2020.**

Under the previous mayoral Administration, the Agency collaborated with DMPED on the Affordable Housing Database Initiative. The business processes were mapped and the data elements identified. Currently, DCHFA has, and will continue to work with DMPED as the Data collection process becomes more synchronized and automated.

Regarding the robust creation and preservation of affordable housing, the DCHFA's pipeline currently includes 6 projects that DHCD included in its recent funding award list, three of which are intended to preserve existing affordable

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housing stock. DCHFA will continue to provide debt and equity to projects that meet the DCHFA funding qualifications to help increase the city's stock of new affordable housing.

Mayor Bowser created the Housing Preservation Strike Force, which was tasked with developing strategies for preserving the roughly 14,000 units of affordable housing threatened by expiring subsidies by year 2020. Todd A. Lee, Executive Director, DCHFA, was a member of the Strike Force.

11. What products does the Agency market, and how does the Agency market its products to individuals?

The Agency markets DC Open Doors, HomeSaver and the Mortgage Credit Certificate. DC Open Doors and the Mortgage Credit Certificate are marketed to individuals and lenders. The HomeSaver program is marketed to individuals. All are marketed through the DCHFA website. In addition to the website DC Open Doors is marketed using the Agency's and the DC Open Doors Facebook and Twitter accounts, Event Brite and the community calendars of WUSA Channel 9 and The Washington Post. Direct mail is also used to market HomeSaver's tax lien assistance program. DCHFA provides HomeSaver program fact sheets for distribution at the DC Department of Employment Services, all of the American Job Centers in the City as well as on DOES's website.

The Agency purchased advertising to promote DC Open Doors and the Mortgage Credit Certificate in East of the River, Hill Rag and MidCity magazines and District Chronicles. HomeSaver ads were purchased in District Chronicles and WHUR.com.

12. Please provide the most recent quarterly data reports DCHFA has used to track and forecast trends in AMI. Have there been any changes in the income limits DCHFA imposes on the DC Open Doors and the HomeSaver program?

As discussed in Question 17, DCHFA-underwritten Low Income Housing Tax Credit (LIHTC) financing employs two basic AMI-based income tests, which determine the allowable level of program funds that may be devoted to a subject development. The DCHFA Office of Compliance and Asset Management (CAM) plays a key role in monitoring regulatory compliance and asset management associated with projects receiving 4% LIHTCs underwritten by the Agency. In performing its responsibilities, CAM tracks the extent to which LIHTC-supported projects maintain their required a levels of AMI-based affordability.

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See DCHFA **Multifamily Housing Portfolio Report, Tab 3**, for the most recent report reflecting project compliance with applicable affordability requirements. Note that per DCHFA loan documents, projects must submit compliance data by January 30th of the subsequent year.

While the DC Open Doors and HomeSaver Programs both set income limits at 120% of AMI (currently \$131,040), the Agency does not track the income of program participants on the basis of AMI. Instead, the Office of Single Family Programs tracks actual income without segregating the data by AMI.

- 13. In 2016, DCHFA celebrated the milestone of providing \$200 million of assistance to District homebuyers through the DC Open Doors program. Please describe how the agency plans to continue building on the success of its homeownership programs and increasing participation in these programs.**

DCHFA hopes to increase participation by lenders in DC Open Doors and to build on the program's success by utilizing an aggressive outreach campaign. The primary focus of the Agency's outreach efforts will be to educate and inform lenders, housing counseling agencies, and realtors on what DC Open Doors can offer their borrowers. DCHFA's pending administration of the DC Housing Purchase Assistance Program (HPAP), which may be paired with the DC Open Doors program, represents a tremendous opportunity to increase program participation. The Agency's new offering of Mortgage Credit Certificates (MCCs) will also likely lead to more participation in DC Open Doors. Additionally, the Agency is exploring the possibility of offering continuing education classes to real estate sales professionals through the District of Columbia Real Estate Commission as a way to expand its outreach. Finally, the Agency will continue its current outreach activities, which include engaging in partnerships with lenders and realtors, and direct outreach out to the public via free Homebuyer Seminars conducted at Agency Headquarters.

- 14. Please list the criteria the Compliance and Asset Management Department uses to monitor DCHFA's multifamily portfolio.**

With regard to health and safety, the criteria by which CAM monitors its portfolio is governed primarily by the District of Columbia Housing Code, applicable District of Columbia Municipal Regulations (DCMR), and the HUD-enforced Uniform Physical Condition Standard. With regard to the financial stability of projects within the Agency's portfolio, CAM's involvement in the underwriting extends to an

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examination of required unit set-aside ratios and debt service coverage ratios (DSCR). That underwriting process carries through to the compliance period. Specifically, the Agency regularly monitors the financial condition of projects in its portfolio through building/mortgagee physical reports, Management Operation Review (MOR) reports, reports required per the IRS Section 142 (d) program, financial audit statements, which collectively ensure that subject properties maintain cash flow sufficient for their sound operation and maintenance.

15. Please provide a list of locations where short-term bridge financing has been applied by amount, address, and expiration date.

In addition to the issuance of tax-exempt and taxable multifamily housing mortgage revenue bonds and the allocation of 4% Low Income Housing Tax Credits (LIHTC), DCHFA makes McKinney Act Savings Fund available in support of pending DCHFA-financed development.

McKinney Act Loans are short term predevelopment "bridge" loans that can be used to finance the acquisition, predevelopment and rehabilitation costs associated with housing development. Non-profit and for profit developers building affordable housing in the District of Columbia are eligible for McKinney Act Loans. The funds may be used for one or more of the following purposes in furtherance of the DCHFA's single family and multifamily programs:

- Pre-development and development soft costs
- Acquisition
- Construction or rehabilitation
- Down payment closing cost assistance
- Mortgage interest rate buy down
- Credit enhancement or loan guarantee
- Ancillary or functionally related recreational, health, educational or social services facilities that are integral to housing occupied by very low income persons and families
- Equity bridge loans
- Other forms of assistance as permitted by the Act

For a FY16 and FY17 to-date data on development supported in part by McKinney Act Loans, See DCHFA **Multifamily Bond Issuances** list found in **Tab 4**.

II. Financing of Projects and Mortgages

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16. Please describe how the Agency is financed.

DCHFA is funded, at no cost to District taxpayers, primarily through fees earned from loans provided through the issuance of federal tax-exempt and taxable multifamily housing mortgage revenue bonds, the allocation of 4% Low Income Housing Tax Credits (LIHTC), and predevelopment loans made from the McKinney Act Savings Fund. The Agency is funded in smaller part through net revenue from origination and sale of mortgage-backed securities issued in connection with the Agency's Single Family Program. The Agency also supports HomeSaver, a federal program, and the administrative cost of which is recovered from the U.S. Department of the Treasury. The program does not support other Agency activities.

17. Please describe how DCHFA funds housing projects.

Primary Tools of Development Financing

DCHFA issues tax-exempt and taxable multifamily housing mortgage revenue bonds and allocates 4% Low Income Housing Tax Credits (LIHTC), and the loan proceeds from its McKinney Act Savings Fund to increase the availability of affordable multifamily housing opportunities to residents of the District.

Tax-exempt and taxable Bonds

The federal tax code enables local and state governments to issue tax exempt bonds to finance affordable housing projects. DCHFA issues taxable and tax exempt mortgage revenue bonds that typically carry lower interest rates than conventional loans on short-term and permanent loans, thereby allowing for a reduction in tenant rental payments needed to pay off the loans, affording developers an opportunity to obtain loans to produce affordable housing in spite of having less rental income than a market rate housing developer would have. The bonds are sold to banks and investors in 4% LIHTC.

The Low Income Housing Tax Credit (LIHTC) was created through the Tax Reform Act of 1986 (P.L. 99-514). Its purpose is to incentivize the development and rehabilitation of affordable rental housing nationwide. In a LIHTC program, developers (sponsors) apply to allocating agencies for tax credit allocations, and then partner with third party investors to provide equity. Equity contributed in exchange for tax credits works to reduce the debt and/or equity burden of the sponsor, a savings that effectively reduces the cost of the project, making it more likely to be financed and reducing costs to tenants. In order to receive a LIHTC

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allocation, projects must meet certain income thresholds or “tests,” which ensure an affordable housing outcome.

The “20-50 test” requires that at least 20% of units must be occupied by individuals earning 50% or less of area median income. The “40-60 test” requires that at least 40% of project units be occupied by individuals earning 60% or less of area median income. Sponsors can only claim LIHTCs for those units which are occupied by low and moderate income tenants.

18. Please explain any factors DCHFA considers in the mortgage application process, such as the applicant’s income, credit score, etc.?

The current eligibility requirements for the DC Open Doors program include a minimum 640 credit score, maximum borrower income of 120% of AMI (currently \$131,040), maximum 1st trust loan amount of \$424,100 and maximum debt-to-income ratio of 45%.

19. For FY16 and FY17 to-date, please provide the following information with respect to the Agency’s loans or grants to multifamily housing projects:

- a. The name of the project.
- b. The name of the recipient.
- c. The address of the project.
- d. The amount of the loan or grant.
- e. The number of units in the project.
- f. The number of units required to be affordable to households with incomes lower than 80% of the area median income.
- g. Average size of bond financing.

For response to Question 19, see DCHFA **Multifamily Bond Issuances** list found in **Tab 4**.

20. For FY16 and FY17 to-date, please provide the following information with respect to the single-family mortgages financed by the Agency:

The following is DCHFA single family mortgage data for FY 2016:

- a. **The total amount of financing provided.**
\$62,901,743 (\$61,186,551 in 1st trust mortgages; \$1,715,192 in 2nd trust downpayment assistance loans (DPAL)).

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b. The number of mortgages provided.

205 mortgages, 171 of which also received DPAL

c. The number of mortgages financed at the following income levels:

- a. 60% or less of the area median income; 34 mortgages
- b. 80% or less (but greater than 60%) of the area median income; 76 mortgages
- c. and, greater than 80% of the area median income. 95 mortgages

d. The number of mortgages financed at the following amounts:

- \$100,000 or less 0
- \$100,001-\$150,000 2
- \$150,001-\$200,000 8
- \$200,001-\$250,000 34
- Greater than \$250,000. 161

e. Breakdown by Ward.

Ward 1: 13; Ward 2: 8; Ward 3: 11; Ward 4: 18; Ward 5: 33; Ward 13: 79; Ward 7: 79; Ward 8: 30.

The following is DCHFA single family mortgage data for FY 2017 to-date (current as of 1/27/2017):

a. The total amount of financing provided.

\$15,830,053 (\$15,421,462 in 1st trust mortgages; \$408,591 in 2nd trust downpayment assistance loans (DPAL)).

b. The number of mortgages provided.

51 mortgages, 41 of which also received DPAL

c. The number of mortgages financed at the following income levels:

- a. 60% or less of the area median income; 10 mortgages
- b. 80% or less (but greater than 60%) of the area median income; 18 mortgages
- c. and, greater than 80% of the area median income. 23 mortgages

d. The number of mortgages financed at the following amounts:

- \$100,000 or less 0
- \$100,001-\$150,000 0
- \$150,001-\$200,000 5
- \$200,001-\$250,000 7
- Greater than \$250,000 39

e. Breakdown by Ward.

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Ward 1: 8; Ward 2: 1; Ward 3: 6; Ward 4: 4; Ward 5: 6; Ward 6: 3; Ward 7: 16;
Ward 8: 7

21. Please describe how the Agency coordinates and interacts with other local government agencies, including but not limited to DHCD, DCHA, and DMPED.

Office of Public Finance

In conjunction with the underwriting of multifamily residential projects, DCHFA works with the Department of Housing and Community Development (DHCD) and the Office of the Deputy Mayor for Planning and Economic Development (DMPED) to provide additional sources of funds needed to close gaps in financing. In addition, certain projects receive HUD-sourced operating subsidies, which are administered by the DC Housing Authority, and other DC government subsidies. It is worth noting that the DC Housing Authority (DCHA) is also a borrower for DCHFA financing on properties that it (DCHA) owns and operates. The Agency also has a MOU with DHCD through which 4% LIHTC allocations are made.

Office of Compliance and Asset Management

DCHFA's integral involvement in projects that receive DHCD-allocated 4% LIHTCs extends beyond the role of underwriter. Through CAM, DCHFA plays a key role in monitoring regulatory compliance and asset management associated with projects receiving 4% LIHTCs underwritten by the Agency. Specifically, DCHFA maintains regular correspondence with borrowers and management on a range of issues including those related to authorization of rental increases, changes in property management entities, and changes in the organizational structure of ownership. All Agency correspondence on these issues is communicated to DHCD, and all related action occurs only upon consultation with that allocating District agency.

It should be noted that DCHFA's underwriting of taxable and tax exempt bonds occurs wholly within the Agency's statutory authority. DCHFA nevertheless informs DHCD of all official action taken with regard to its bonds (e.g. authorized rental increases, etc.), as those actions typically have the potential to impact compliance with co-existing 4% LIHTC project financing.

Single Family Programs

On December 16, 2016, the DC Department of Housing and Community Development announced the addition of the DCHFA as a co-administrator of the DC Home Purchase Assistance Program (HPAP). The agencies are currently

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establishing the processes and procedures needed to begin deploying program funds. Once commenced, DCHFA administration of HPAP will necessarily require close ongoing collaboration with DHCD program personnel.

Additionally, DCHFA's DC Open Doors single family mortgage program is compatible with the following DHCD homebuyer assistance programs:

- DC Employer Assisted Housing Program (EAHAP)
- DC Negotiated Employee Affordable Home Purchase Program (NEHAP)
- DC Home Purchase Assistance Program (HPAP)
- Wells Fargo City LIFT Down Payment Assistance Program

The compatibility of DC Open Doors with DHCD's wide array of single family programming requires ongoing coordination and communication between the agencies on current and planned loan parameters as well as the ongoing efficiency of process.

22. How is DCHFA continuing to seek new, low-cost sources of capital to use as gap financing for multifamily rental developers seeking benefits of the Agency's tax-exempt bonds?

On November 18, 2014, the District Council passed The Housing Production Trust Fund Baseline Funding Act of 2014. The legislation, which was introduced by then-Councilmember Bowser, authorizes the annual appropriation of \$100 million for the District of Columbia Housing Production Trust Fund. Those funds leverage DCHFA financing of multifamily projects by closing funding gaps that often present significant hurdles to financing the development of affordable housing in the District.

23. Please describe how the current financial market has impacted DCHFA over the past several years.

- In 2008, the year of the financial collapse, the DCHFA provided roughly \$95 million in tax-exempt bond financing for 9 projects, yielding 955 rental units.
- As a result of the near complete collapse of the capital markets, that number dwindled in 2009 to roughly \$30 million in tax-exempt bonds for only 2 projects, yielding 297 rental units.

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- Due in large part to low cost capital made available through the Obama Administration's New Issue Bond Program (NIBP) administered by the U.S. Treasury, in FY 2010, the Agency's investment in rental housing skyrocketed to roughly \$132 million in support of 9 projects and 987 units of rental housing.
- The positive trend experienced during FY 2013 continued in FY 2014. In FY 2014 alone, DCHFA issued \$194.6 million in bond financing in support of 7 projects, and 1,009 units of housing.
- In FY2015, the DCHFA issued \$171.6 million in bond financing in support of 11 projects. So far in FY2016, the Agency has issued \$61.5 million in bond financing to support 3 projects.
- In FY2016, the DCHFA issued \$294.7 million in bond financing in support of 15 projects, which create or preserve 2090 units of affordable housing. So far in FY2017, the Agency has issued \$57.9 million in bond financing to support 3 projects, which create or preserve 412 units of affordable housing. Four consecutive years of tremendous deal volume created as a result of the strong financial markets has yielded unprecedented operating profits for DCHFA. Those profits in turn enabled the Agency to develop enhanced Single Family and Multifamily programming, which it is currently working to implement.
- Changes in U.S. Presidential and Congressional leadership often affect capital markets. The most recent change in Administration is no exception. Uncertainty and expectations for tax and monetary policy have caused volatility in Low Income Housing Tax Credit and interest rate pricing, which each affect the available funding for projects underwritten by the Agency. An increase of interest rates and weakening of tax credit pricing will likely result in a tightening of project budgets that require increased diligence by Agency personnel in underwriting projects that come before it (DCHFA).

24. How does DCHFA work to secure new sources of capital to increase housing development in the District of Columbia?

DCHFA has conducted preliminary outreach to the Federal Financing Bank (FFB). A successful engagement with the FFB will yield low-cost capital to be used as an additional resource for expanding much-needed affordable housing opportunity for District residents. The Agency is also exploring and preparing to use various multifamily housing financing tools offered by Fannie Mae, Freddie Mac, and HUD.

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25. Does DCHFA have any plans to renew expiring low-income tax credits issued by the Agency?

As the authorized allocating agency, DHCD entered into an MOU with DCHFA to underwrite and administer 4% Low Income Housing Tax Credits (LIHTC). In administering 4% LIHTCs, DCHFA is sensitive to the fact that roughly 14,000 units of affordable housing are threatened by expiring use restrictions by year 2020.

While, DCHFA cannot compel owners of LIHTC-allocated projects to refinance using that vehicle, it is working within the Mayor's Housing Preservation Strike Force to develop tools to incentivize such refinancing.

Todd A. Lee, DCHFA's Executive Director was an appointed Member of the Strike Force. As such, he offered his perspective and expertise on all funding sources of affordable housing, which were ultimately reflected in the Strike Force's final written report.

26. How does DCHFA work in coordination with HUD to incentivize developers to build mixed income projects in the District? Please list specific funds, programs and/or tax credits currently enacted in the District.

HUD-based programming, combined with DCHFA's low cost bond and Agency-underwritten LIHTC financing, provides tremendous incentive for developers to build mixed income housing projects in the District of Columbia.

Those programs also incentivize lenders to provide funding in areas of the District to which they may otherwise be averse.

Section 221(d)(4): Mortgage Insurance for Rental Housing

Through Section 221(d)(4), HUD fully insures bond holders/lenders against loss on mortgage defaults on DCHFA-financed developments, and therefore makes more capital available for affordable multifamily development. What makes this program especially attractive to developers is its unique provision of long term (up to 40 years) non-recourse, low cost debt.

Recent, notable DCHFA-financed 221 (d)(4) developments include Georgia Commons ("Three Tree Flats") (Ward 4); and Metro Village (Ward 4).

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Section 542(c): Multifamily Mortgage Risk Sharing Programs

The Section 542(c) program also insures bond holders/lenders against mortgage default loss, and provides developers with a source of low-cost, non-recourse debt.

What makes this product unique is that state housing finance agencies (HFAs) (i.e. DCHFA) are able to co-insure against mortgage default losses to bond holders/lenders. The HFA's are in turn able to provide greater underwriting flexibility, transactional speed and efficiency, which further incentivizes developers to build in emerging/underserved neighborhoods.

Recent, notable DCHFA-financed 542(c) developments include The Yards M ("Foundry Lofts") (Ward 6).

HOPE VI

HOPE VI is a HUD-based federal program designed to transform severely distressed public housing into revitalized mixed-income neighborhoods. In addition to direct funding for the actual construction of affordable housing, HOPE VI provides grants for activities such as planning and demolition. The mixed financing framework provided to DCHA properties by HOPE VI, DCHFA, and other District agencies creates strong incentive for the private development community to participate in the creation of catalytic mixed-income communities in the District of Columbia.

While HOPE VI has effectively been discontinued by HUD, it is important to note the critical part that DCHFA played in the catalytic redevelopment of areas now critical to the District's economic vibrancy. HOPE VI financing has been present in the development of Wheeler Creek Estates (Ward 8); Henson Ridge Apartments (Ward 8); Capitol Gateway Single Family Rental (Ward 8); Arthur Capper Carrollsburg Redevelopment Initiative (Ward 6) (includes 5 projects to-date); and New Eastgate Senior Housing (Ward 7).

Choice Neighborhoods Initiative

Choice Neighborhoods is HUD's signature place-based initiative and its vision builds on the work that has been done by the Neighborhood Revitalization Initiative, an interagency partnership between HUD, the Department of Education, the Department of Health and Human Services, the Department of Justice, and Treasury, since 2009. Choice Neighborhoods also supports the Ladders of Opportunity plan, which will help community partners rebuild neighborhoods,

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expand early learning opportunities, create pathways to jobs, and strengthen families. Choice Neighborhoods is focused on three core goals:

- **Housing:** Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood.
- **People:** Improve educational outcomes and intergenerational mobility for youth with services and supports delivered directly to youth and their families.
- **Neighborhood:** Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities, assets, safety, good schools, and commercial activity, that are important to families' choices about their community.

The Agency worked with the DC Housing Authority to secure a Choice Neighborhoods Planning Grant by identifying resources to finance a portion of the Kenilworth-Parkside project. The Agency looks forward to working with the DC Housing Authority on projects that are funded with Choice Neighborhoods grants.

80-20 Transaction

While this financing tool is not specifically executed in conjunction with HUD, it does incentivize developers to build mixed-income projects in the District. 80-20 Transactions finance projects that include 80% market rate units and 20% affordable units. The market rate units subsidize the cost of constructing the affordable units. This financing mechanism has been used to finance four projects to-date. Three of those projects are located at the Yards and one is located at Arthur Capper Carrollsburg (Capitol Quarters). A fifth 80-20 project located at the Yards is currently being underwritten by the Agency and closed in the summer of 2016. It should be noted that two of the 80-20 Transactions financed by the Agency include HUD funding and incentives.

27. Has DCHFA been informed of any proposed cutbacks in current or existing programs under the new administration? If so, how will these changes affect the District of Columbia market?

The DCHFA has not been informed of any proposed cutbacks in current or existing programs under the new administration.

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III. Agency Operations and Personnel

- 28. Please provide a complete, up-to-date organizational chart for each division within the agency including, either attached or separately, an explanation of the roles and responsibilities for each division and subdivision.**

See **Organizational Chart, Tab 5**

DCHFA is comprised of seven divisions:

- (1) The Office of the Executive Director;
 - (2) The Office of Administration;
 - (3) The Office of Multifamily Lending and Neighborhood Investments
 - (4) The Office of Single Family Programs;
 - (5) The Office of Financial Management;
 - (6) The Office of Compliance and Asset Management; and
 - (7) The General Counsel's Office;
- a. **Please include a list of the employees (name and title) for each subdivision and the number of vacant positions.**

See **Employee Position Listing, Tab 2**

- Current Total Number of Vacancies: 7
 - General Counsel (OGC)
 - Law Clerk (OGC)
 - Underwriter (SF)
 - Deputy Director (MF)
 - Deputy Director (CAM)
 - Asset Manager (CAM)
 - Financial Analyst (CAM)

- b. **Please provide a narrative explanation of any organizational changes made during the previous year.**

There was a large transition of management personnel at DCHFA in FY16 and FY17. The Executive Director position was filled in April 2016 after the position was vacated in November 2013. The General Counsel who served as Interim Executive Director returned to her capacity as General Counsel.

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Additional senior staff positions that were hired in FY16- FY17 include:

- Associate Executive Director May 2016
- Chief Financial Officer August 2016
- Director, Multifamily Lending and Neighborhood Investments October 2016

Currently the General Counsel position is vacant and the Deputy General Counsel is serving as the Interim General Counsel.

The position of Treasurer was created and filled in September 2016.

The name of the Office of Public Finance was officially changed to Multifamily Lending and Neighborhood Development in FY17.

The following positions were re-classified

- Administrative Assistant to Loan Administrative Assistant (Multifamily Lending and Neighborhood Investments)
- Senior Development Officer to Deputy Director (Multifamily Lending and Neighborhood Investments)
- Senior Asset Manager to Deputy Director (Compliance and Asset Management)

c. Please describe the major functions and responsibilities of each division and subdivision of the agency.

The responsibilities of each division are as follows:

- (1) THE OFFICE OF THE EXECUTIVE DIRECTOR is responsible for the oversight of all agency divisions, business strategy, business development, marketing, government affairs, and all other external communications. In addition, the Executive Director serves as the Secretary to the Board of Directors.
- (2) THE OFFICE OF ADMINISTRATION is responsible for the Agency's administrative operations, including human resources, procurement, information technology, and facilities.
- (3) THE OFFICE OF MULTIFAMILY LENDING AND NEIGHBORHOOD INVESTMENTS is responsible for executing the agency's multifamily financing program—

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which involves the financing of affordable rental housing through the issuance of tax-exempt bonds, taxable bonds, 4% low income housing tax credits, and funds made available from the District of Columbia Housing Finance Agency's McKinney Act program.

- (4) THE OFFICE OF SINGLE FAMILY PROGRAMS is responsible for executing the agency's affordable mortgage program for first-time and repeat homebuyers through homeownership workshops, marketing, and monitoring of the mortgages issued under the agency's program by participating lenders. In addition, the Office of Single Family Programs manages the Agency's HomeSaver Program, a foreclosure prevention program and tax lien extinguishment program.
- (5) THE OFFICE OF FINANCIAL MANAGEMENT is responsible for the Agency's budgeting, accounting, audit and financial management of assets.
- (6) THE OFFICE OF COMPLIANCE AND ASSET MANAGEMENT is responsible for ensuring that multifamily rental projects receiving funds from the District of Columbia Housing Finance Agency maintain compliance with the terms of the applicable loan agreements, such as debt payments and affordability restrictions.
- (7) THE GENERAL COUNSEL'S OFFICE is responsible for managing the legal aspects of Agency's business decisions, tax-exempt and taxable bond transactions and responding to Freedom of Information Act (FOIA) requests.

29. Please provide a complete, up-to-date position listing, in Excel spreadsheet format, for the agency, by program and activity, which includes the following information:

- a. Title of position;
- b. Name of employee or status of position;
- c. Date employee began in position;
- d. Salary and fringe, including the specific grade, series, and step of position; and
- e. Job status (continuing/term/temporary/contract)

- See Employee Position Listing in TAB 2

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30. Please explain when and by whom the most recent staff evaluation was conducted.

In FY16, the District of Columbia Housing Finance Agency performed quarterly performance evaluations for all staff. The last round of performance evaluations were conducted at the close of the fiscal year, September 30, 2016.

In FY17, DCHFA moved to a bi-annual performance evaluation process and performance evaluations will be conducted mid-year and at the end of FY17.

Performance Evaluations are performed by the employee's direct supervisor.

31. Please provide the number of FY17 full-time equivalents (FTEs) for the agency, broken down by program and activity.

- a. Please provide the number of vacancies at the close of FY16, by program and activity, and current vacancy information.
- b. For each vacant position, please note how long the position has been vacant and whether or not the position has since been filled.
- c. How many vacancies within the agency were posted during FY16 and FY17 to-date? How many were filled during FY16 and FY17 to-date?

For responses to 31 (a) and (b), see **Employee Position Listing** in TAB 2
15 vacancies were posted and filled during FY16 and FY17 to-date.

32. Please provide the salary for the top 15 earners in the administrative staff and the top 15 earners in the managerial staff. Managerial staff members are those who direct or supervise another employee or a significant component of a project.

The top 15 earners in the administrative staff are represented in the following positions. Salary data for each position can be found in the **Employee Position Listing** in TAB 2

Loan Administrative Assistant
Executive Assistant
Administrative Assistant
Receptionist (Part-Time)

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The top 15 earners in the administrative staff are represented in the following positions. Salary data for each position can be found in the **Employee Position Listing, TAB 2**

Executive Director
Deputy Executive Director
Interim General Counsel
Chief Financial Officer
Director, Multifamily Lending and Neighborhood investments
Associate Executive Director
Director, Single Family Programs
Treasurer
Director, Compliance and Asset Mgmt.
Controller
Deputy Director, Single Family Programs

33. Please provide the average salary for administrative and managerial staff.

Average Managerial Staff Salary	\$164,342
Average Administrative Staff Salary	\$ 56,140

34. Please provide a list of the top 25 overtime earners.

The list below represents the entire group of Agency overtime earners. Salary data for each position can be found in the **Employee Position Listing, Tab 2**

Executive Assistant
Records Administrator
Accounts Payable Accountant
Administrative Assistant
Receptionist
Compliance Coordinator
Loan Administrative Assistant

35. What is the total number and percentage of employees that are District residents within the agency? Please describe the methods used by the agency to increase the hiring of District residents.

Total Number of DC Residents: 15
Percentage of Agency employees who are DC Residents: 36.58%

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36. Please list all employees detailed to or from the agency, if any. Please provide the reason for the detail, the date of detail, and the projected date of return.

No employees have been detailed to, or from the DCHFA.

37. Please provide the Committee with:

- a. A list of all employees who receive cell phones, personal digital assistants, iPads, or similar communications devices at agency expense;**
- b. A list of all vehicles owned, leased, or otherwise used by the agency and to whom the vehicle is assigned;**
- c. A list of employee bonuses or special award pay in FY16 and FY17 to-date;**
- d. A list of travel expenses, arranged by employee; and**
- e. A list of the total overtime and workman's compensation payments paid in FY16 and FY17 to-date.**

- Cell Phone and Similar Communications: See DCHFA **Cell Phone/Travel Expense/Overtime** information in **Tab 6**.
- Vehicles: See DCHFA **Vehicles and Authorized Drivers** in **Tab 7**.
- Employee Bonuses: See DCHFA **Employee Bonuses** in **Tab 8**.
- Travel Expenses: See DCHFA **Training Travel Log** in **Tab 9**.
- Overtime and Workers' Compensation payments: : See **Cell Phone/Travel Expense/Overtime** information in **Tab 6** (Workers' Compensation: None)

38. Please describe the agency's performance measurement activities, including:

- a. A list of performance measures used by the agency;**
- b. The procedures used to review and act on results;**
- c. All staff and resources dedicated to performance measurement;**
- d. The goals and actual results for those performance measures in FY16 and an explanation of any variance between goals and results.**

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The following are performance Measures used by the Agency:

	2014	2015	2016		2017
	Actual	Actual	Goal	Actual	Goal
Nunmer of Single Family Units Financed	192	236	180	205	210
Amount of Single Family Financing Provided (\$000s)	\$ 53,068	\$ 65,183	\$ 53,068	\$ 62,902	\$ 57,000
Number of Multi-Family Units Financed	1,008	1,325	1,791	2,090	1,648
Amount of Multi-Family Financing Provided (\$000s)	\$ 194,600	\$ 171,401	\$ 194,600	\$ 294,735	\$ 267,022
Total Number of Housing Units Financed	1,200	1,561	1,971	2,295	1,858
Total Amount of Housing Financing Provided (\$000s)	\$ 247,668	\$ 236,584	\$ 247,668	\$ 357,637	\$ 324,022
Mortgage Credit Certificates (MCC)	-	-	-	13	60

A management system has been implemented to focus on organizational goals, assign teams and collaborate on tasks to ensure anticipated goals are met or exceeded.

All goals are communicated to the entire staff and individual performance goals are established that are aligned to support the mission and goals of the Agency.

DCHFA accepts Multifamily and Single Family (i.e., DC Open Doors) applications on a rolling basis. While the Agency attempts to transactional volume based on past trends, applications in-process, and expressions of developer interest, it is very difficult to pinpoint volume totals. The positive variances between Agency goals and results are attributable to an unexpected number of closings, and successful DC Open Doors applications.

39. Please provide a list of the DCHFA Board of Directors' ("the Board") current members. For each member, please provide the following:

- a. The member's name;**
- b. The industry or community the member represents;**
- c. Who appointed the member;**
- d. When the member's term began;**
- e. When the member's term expires; and**
- f. Attendance record.**

For response to Question 39, please see **DCHFA Board Information** found in **Tab 10**

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- 40. Please provide a list of the Board’s meeting dates, times, and locations for FY16 and FY17 to-date.**

DCHFA Board meetings have been held at 5:30 p.m. at DCHFA Headquarters on the following dates:

October 13th, 2015; October 27th, 2015; November 10th, 2015; November 24th, 2015; December 8th, 2015; January 12th, 2016; January 26th, 2016; February 9th, 2016; March 23rd, 2016; April 27th, 2016; May 10th, 2016; May 26th, 2016; June 14, 2016; July 26th, 2016; August 9th, 2016; August 23rd, 2016; September 13th, 2016; September 28, 2016; October 11, 2016; October 25, 2016; November 17, 2016; December 20, 2016; January 10, 2017.

IV. Budget

- 41. Please provide a chart showing the agency’s approved budget and actual spending, by program, for FY16 and FY17 to-date. In addition, please describe any variance between fiscal year appropriations and actual expenditures for FY16 and FY17 to-date.**

	FY2016		FY2017	FY2018	% Change from FY2017
	Approved	Actual	Approved	Proposed	
OPERATING BUDGET (HFO) [\$000s]	\$ 10,798	\$ 6,866	\$ 11,740	\$ 12,320	5%

DCHFA experienced significant changes in FY2016, including several key vacancies. The current Executive Director was appointed mid-way through the Fiscal Year. The CFO and Controller positions were vacant most of the year and the Director of Multi-Family Lending left during the Fiscal Year. There were several other vacancies that led to a savings of \$1.4million in personnel costs. Due to these vacancies, one of the major expenditure initiatives originally planned for Fiscal Year 2016 did not take place, namely, implementation of a new financial system. This project alone was anticipated to cost over \$1 million. When added to the personnel savings of \$1.4 million these two items account for 84% of the budget variance in FY2016. The remaining variances are attributed to minor underspending in general IT support and general operational maintenance costs.

- 42. Please list any reprogrammings, in or out, which occurred in FY16 or FY17 to-date. For each reprogramming, please list the total amount of the reprogramming, the**

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original purposes for which the funds were dedicated, and the reprogrammed use of funds.

DCHFA has not reprogrammed any funds in FY16 or FY17 to-date.

- 43. Please provide a complete accounting for all intra-District transfers received by or transferred from the agency during FY16 or FY17 to-date.**

DCHFA has not transacted any intra-District transfers in FY16 or FY17 to-date.

- 44. Please identify any special purpose revenue accounts maintained by, used by, or available for use by the agency during FY16 or FY17 to-date. For each account, please list the following:**

- a. The revenue source name and code;**
- b. The source of funding;**
- c. A description of the program that generates the funds;**
- d. The amount of funds generated by each source or program in FY16 and FY17 to-date; and**
- e. Expenditures of funds, including the purpose of each expenditure, for FY16 and FY17 to-date.**

By statute, the Agency's budget is independent of the D.C. Government's Executive Branch. The Agency has its own financial reporting system and is not tied to the Financial Reporting System of the District. However, the Agency's audited financial statement data is included in the CAFR issued by the District. The Agency's fiscal year begins on October 1 and ends on September 30.

The Agency is self-funded with no appropriations from the District government. The budget preparation, review and approval for the following Fiscal Year are conducted in the Fourth Quarter of the current Fiscal Year and the budget is approved by the Board of Directors.

For additional DCHFA budget information requested in Question 44, please see **DCHFA Budgets in Tab 11.**

- 45. Please provide a list of all projects for which the agency currently has capital funds available. Please include the following:**

- a. A description of each project;**

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- b. **The amount of capital funds available for each project;**
- c. **A status report on each project, including a timeframe for completion; and**
- d. **Planned remaining spending on the project.**

The DCHFA receives no capital dollars from the District government.

46. Please describe the agency's efforts to utilize federal funding sources and other alternative funding sources.

In February 2010, the Obama Administration announced \$1.5 billion in Housing Finance Agency Innovation Fund dollars for the US Treasury's Hardest-Hit Fund program. Through the program, select state housing finance agencies received funding in support of innovative programs intended to stabilize the local housing markets and help families avoid foreclosure. In 2010, the Agency applied and was awarded over \$20 million to implement its Hardest Hit Fund (HHF) foreclosure program in the District, called The HomeSaver Program. The HomeSaver Program was designed to assist unemployed and underemployed District homeowners. HomeSaver has committed most of its federally allocated funds, and therefore stopped accepting new applications in November, 2013.

With \$2.9 in program funds remaining, DCHFA recognized the opportunity to further leverage HHF resources in favor of struggling District homeowners. In-depth research, as well as collaboration with the US Treasury, and the DC Office of Tax and Revenue followed, and ultimately resulted in the HomeSaver Phase II-Tax Lien Extinguishment Program. The program provides assistance to eligible District of Columbia homeowners at risk of foreclosure due to delinquent real property taxes. HomeSaver Phase II is currently available city-wide.

In addition, DCHFA has maintained a line of credit with a regional bank to access capital for DCHFA programs and capital improvements.

V. Contracting and Procurement

47. Please list, in Excel spreadsheet format, each contract, procurement, lease, and grant ("contract") awarded, entered into, extended and option years exercised, by the agency during FY16 and FY17 to-date. For each contract, please provide the following information, where applicable:

- a. **The name of the contracting party;**
- b. **The nature of the contract, including the end product or service;**

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- c. **The dollar amount of the contract, including budgeted amount and actually spent;**
- d. **The term of the contract;**
- e. **Whether the contract was competitively bid or not;**
- f. **The name of the agency's contract monitor and the results of any monitoring activity; and**
- g. **Funding source**

For chart detailing the items requested in Question 47, see **Procurements List** in **Tab 12**.

Fran D. Makle, Deputy Executive Director, serves as the contract monitor for the Agency.

48. Please provide a list of all MOUs currently in place, all MOUs entered into within the last year, and any MOUs planned for the coming year.

- DCHFA and DHCD currently have in place an MOU for the administration of 4% Low income Tax Credits.
- DCHFA, DHCD, DMH, DHS, and DCHA have in place an MOU to develop and/or subsidize permanent supportive housing units.
- It is anticipated that during FY16 the DCHFA will execute an MOU with DHCD regarding the approval of a borrower's Affirmative Fair Housing Marketing Plan for bond and 4% tax credit financed projects.
- Additionally, DCHFA is preparing to enter in a Sub-recipient Grant Agreement with DHCD to administer a portion of their Home Purchase Assistance Program funds.

49. Please describe the steps taken by the agency to provide oversight and management for contracts. Specifically, how does the agency ensure that its programmatic needs are being met and contracting actions are standardized across various programs?

Once a contract is let, the Agency reviews all deliverables and invoices prior to payment of the contract price. Contract compliance is reviewed by the appropriate Senior Staff member prior to recommending payment of an invoice. Should a discrepancy arise, the Deputy Executive Director or Executive Director will resolve the discrepancy prior to payment of the invoice.

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- 50. What percentage of contracts and total contracting budget at DCHFA was awarded to local, small, and disadvantaged business enterprises in FY16 and FY17 to-date? What is DCHFA doing, if anything, to improve this rate?**

The percentage of contracts awarded to local, small, and disadvantaged business enterprises for FY16 and FY 17 to date is 56.4%. In FY 16 and FY 17 to-date, the Agency made great efforts to award contracts to CBEs in the District of Columbia. All of our RFP and RFQ notices make clear that preference is given to CBEs in the District of Columbia. A critical part of the Agency's procurement process involves outreach and coordination with the DC Department of Small and Local Business Development (DSLBD.) Specifically, DCHFA's Procurement Officer requests vendor CBE listings from DSLBD for each vendor service required. The Agency also sends invitation notices to each business on the aforementioned DSLBD vendor list. Once proposals are received the Agency confirms the CBE status of each respondent, and the appropriate DSLBD-mandated points are allocated during scoring. When a contract with a non-CBE vendor has concluded, the Agency makes every effort to replace that vendor with a CBE. Additionally, the Agency attends training sessions at DSLBD and submits quarterly expense reports as required.

For more on DCHFA contracts, see **Procurements List** in **Tab 12**.

VI. Studies, Publications, Audits, Investigations, and Lawsuits

- 51. Provide a list of all studies, research papers and analyses the agency prepared or contracted for or plans to prepare or contract for during FY16 and FY17 to-date. State the status and purpose of each study.**

The DCHFA prepared no such studies, research papers or analyses.

- 52. Provide a list of all publications, brochures and pamphlets prepared by or for the agency during FY16 and FY17 to-date.**

TAB 13 includes copies of the **Publications, Brochures and Pamphlets** prepared by or for the agency during FY15 and FY16 to-date.

- Annual Report FY15
- Annual Report FY16
- 8th Annual DC Housing Expo and Home Show Brochure
- Home Save Phase II Brochure
- DC Open Doors Brochure

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53. Provide a list of all policy statements issued during FY16 and FY17 to-date.

The Agency has issued no policy statements during FY16 and FY17 to-date.

54. Please list and describe any ongoing or completed investigations, studies, audits, or reports on the agency or any employee of the agency, or any investigations, studies, audits, or reports on the agency or any employee of the agency that were completed during FY16 and FY17 to-date.

There are no ongoing investigations, studies, audits, or reports on the Agency or any employee of the Agency. A regularly conducted audit of the Agency's financial statements was completed on January 15, 2017.

For the Agency's most recent audited financial statements (Years ended September 30, 2016), see **TAB 14 for Financial Statements**.

55. Describe any pending lawsuits involving the agency.

There is one civil lawsuit involving the DCHFA. On April 11, 2014, the Agency's former Executive Director filed a civil action asserting claims of breach of employment agreement and breach of implied covenant of good faith and fair dealing. This suit is his response to being terminated on November 22, 2013. The District of Columbia's Office of the Attorney General is defending the case on behalf of the Agency. On April 29, 2015, the Judge granted the former Executive Director's Motion for a Temporary Stay of Proceedings Under Seal. On June 17, 2016, the Temporary Stay was lifted. On July 15, 2016, the Agency filed an answer to the amended complaint and filed a cross claim based on breach of employment agreement and breach of implied covenant of good faith and fair dealing. The case was transferred from Judge Ronna Beck to Judge William Jackson. Discovery has concluded and mediation is scheduled for March 21, 2017.

VII. Information and Technology

56. Please describe how DCHFA is currently using its website and social media to help fulfill its mission, including any improvements it has made in FY16 and FY17 to-date and plans it has to do so in the near future.

DCHFA has continued to grow the number of followers and increase engagement across all of its social media platforms. In FY 16 both of DC Open Doors' social media channels (Facebook and Twitter) were used to market monthly homebuyers

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seminars held at the Agency about the DC Open Doors programs. These events were also cross-promoted on DCHFA's Facebook and Twitter pages as well. The seminars are "live tweeted" as they occur and information from each event is posted on the DC Open Doors Facebook page following each seminar. Social media posts are used to encourage people to register for the monthly seminars. The participating lenders and realtors are tagged in the posts on DC Open Doors pages/accounts so that followers of those lenders and realtors will also receive the information in their timelines.

Flyers/announcements for seminars held by the program's lending partners are also distributed via Facebook and Twitter. Finally, real estate and mortgage articles of interest to industry stakeholders and the general public are shared via DC Open Doors' Facebook and Twitter accounts.

The Agency also has separate Facebook and Twitter accounts focused on the overall Agency. Information and photos are shared via both accounts on events that take place at the Agency. News articles on affordable housing, real estate and the District are posted and tweeted. Events in which Agency staff members and/or members of the board of directors participate are covered and photos are posted and tweeted from these events. DCHFA-financed project groundbreaking and ribbon cutting events are prominently showcased on Facebook and Twitter. An album for each event is created for the Facebook page. The executive director created a Twitter account (@ToddLeeDCHFA) and tweets from activities and helps to further expand the reach of tweets from the DCHFA account by retweeting those messages. The DCHFA account also retweets messages from the executive director as well as development and homeownership partners as well as DC government and federal agencies.

During FY 2016 and 2017 DC Open Doors homebuyers have been congratulated via social media. The homebuyers and their lenders are tagged in the posts so that their followers will also receive the information about the program although those persons may not follow DC Open Doors.

In January 2017, Bill Milko, Deputy Director of Single Family Programs was interviewed for the "Taking it to the Streets" community news segment which airs on WHUR. Milko discussed the DC Open Doors program and the upcoming January seminar.

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The Agency plans to expand its advertising efforts to other print publications as well as various online and radio and television media outlets.

The “What’s New” section of the website is updated frequently to include articles about the Agency, information on events it is participating in and/or sponsoring. Registration links to the seminars are available in this section as well as in the DC Open Doors section of the site. During FY 2016 a page was added to the site outlining the Mortgage Credit Certificate program. On the website’s homepage there’s a button that states “Apply for Mortgage Credit Certificates” linking visitors to the site directly to MCC page. In FY 2016 flyers for Agency events or events that the Agency is participating in such as the June Bloom, DC Open Doors seminars or Economic Cluster Agency Open House are now posted on the homepage as well as the program pages.

- 57. Please identify all electronic databases maintained by the agency, including the following:**
- a. A detailed description of the information tracked within each system;**
 - b. Identification of persons who have access to each system, and whether the public can be granted access to all or part of each system; and**
 - c. The age of the system and any discussion of substantial upgrades that have been made or are planned to the system.**

Financial Management

The Office of Financial Management (OFM) has multiple databases devoted to the conduct of the Agency’s fiscal affairs. Examples include data related to Single and Multifamily program bond issuance amounts, disbursement of construction funds, and facilities management. DCHFA’s Chief Financial Officer (CFO) has primary access to all OFM databases, with varying degrees of access to individuals within that department (see **Tab 2**) However, the DCHFA does publish official statements related to its bond issuances on the Agency’s website.

In FY2013, the District of Columbia Housing Finance Agency recognized the need for automation within its business operations and decided to purchase software for the Office of Financial Management.

A RFP was released to the public on August 24, 2014 to the business community. The RFP was published in the Washington Post, Bond Buyer, and Washington

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After thorough vetting of final candidates, the Agency selected Emphasys Software (Emphasys), a vendor of State HFA software solutions, on April 14, 2015. DCHFA signed the Contract with Emphasys on February 1, 2017. The Agency fully anticipates the Financial Software will create efficiencies and assist in the day to day operations of the DCHFA Office of Financial Management.

Multifamily Lending and Neighborhood Investment

For the purpose of tracking projects within its pipeline, DCHFA's Multifamily Lending and Neighborhood Investment Department uses three primary tools, all Microsoft Excel based including: 1) a pipeline report that includes location, unit count, level of affordability, type of construction, project tenancy (senior/family), sources and uses of funds and total development cost for each project; 2) a milestone schedule that tracks each project as it moves through the development process which includes the tracking status of design, entitlements and underwriting/credit approvals for each financing source; and 3) a database that tracks the construction progress of each project. DCHFA also submits monthly and semi-annual reports to DC DHCD as provided for in the memorandum of understanding between the two agencies regarding the administration of the District's 4% Low Income Housing Tax Credit Program (LIHTC).

The database dates back to 2003. There is a plan to research additional software by the end of FY 2017 then implement the new software by FY 2018.

Each member of the Public Finance team (see **Tab 2**) has regular access to the database. With the exception of information enumerated in number 1 above, which is shared periodically via our website or upon request, the general public does not have access to the database. DCHFA will initiate a full review of program of Public Finance need for additional software to replace the data base later in the 4th quarter of FY 2017. DCHFA will initiate a full review of program of Public Finance need for additional software to replace the data base later in the 4th quarter of FY 2017.

Office of Single Family Programs

CounselorDirect was purchased in 2010. The Homesaver program maintains an electronic database for applicants in CounselorDirect, a web-based system. The following types of information are tracked: Demographics to include race, sex, borrower income, Ward where applicants receive assistance; applicants' current mortgage information; number of applicants, approvals, denials, withdrawn and applications in process; type of hardship, delinquency status, loan-to-value ratio;

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total assistance provided to date, mortgage servicers, mortgage payment wire information and loan account numbers.

All personnel within the Single Family Programs department with responsibilities relating to the Homesaver program have access to the Counselor Portal, Underwriting Portal and Reporting module in CounselorDirect. DCHFA's partner housing counseling agencies have access to the Counselor Portal. The general public has access to their individual application which is only viewable by the assigned Housing Counseling Agency and Homesaver staff. Key personnel in our Finance department has access to the Reporting module.

A separate web-based system is used to maintain the list of applicants for the Agency's Hardest Hit Program, which is also administered by the Office of Single Family Programs. This system has proven to be adequate for the Agency's needs. Given the anticipated termination of the Hardest Hit Program, no changes are anticipated, whatsoever.

Office of the General Counsel

The DCHFA maintains a digital library of legal documents, which include bond documents and loan documents executed between borrower/sponsor developers and the Agency. Additionally, Resolutions approved by the Agency's Board of Directors relating to the approval of multifamily project financing and other general matters of the Agency can be found in the library. Documents relating to the issuance of single family bonds are also kept in the library. There is no current plan for an upgrade.

The library was created in 2000.

The electronic database is available on a shared drive, to all staff members. DCHFA publishes official statements related to its bond issuances on the Agency's website.

Office of Administration

The Office of Administration maintains a database of information technology assets. The data is used for internal management purposes only.

The current system has been in place since 2013 and there are no upgrades presently planned.

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The office of administration is in the process of researching software for an Agency wide Filing and Scanning system.

Office of Compliance and Asset Management

The Compliance and Asset Management (CAM) department tracks: Bond financed project's name, location, unit count, Borrower contact information, Management Agent contact information, building/mortgagee physical reports, Management Operation Review (MOR) reports, reports required per the IRS Section 142 (d) program, financial audit statements, project operational expenses, required unit set-aside ratios, debt service coverage ratios (DSCR), program subsidies included in the project's overall financing, correspondence to and from Borrowers, Trustees, Management Agents, project residences & DC government agencies, mortgage loan servicing agent contact information, mortgage loan monitoring and hazard insurance monitoring.

All members of the CAM department (see **Tab 2**) have direct access to each system. The public does not have access to the system. The system dates back to 2007. The Agency plans to replace the current system with new software by the middle of FY 2018 .

58. Please describe how DCHFA has collaborated with the Deputy Mayor for Planning and Economic Development on the Affordable Housing Database Initiative.

In first Quarter, FY 2014, the DCHFA began collaboration with the Deputy Mayor of Planning and Economic Development (DMPED) on the Affordable Housing Database Initiative. The Agency's outward-facing business processes were mapped and critical data elements identified. No further work has been undertaken.