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October 30, 2015

**To:**

Chairman Hensarling  
Financial Services Committee  
U.S. House of Representatives  
Washington, D.C. 20505

**From:**

National Affordable Housing Management Association (NAHMA)

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**Date:** October 30, 2015



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The Honorable Jeb Hensarling  
House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

Thank you for the opportunity to submit recommendations on how best to fight the problems of poverty and housing affordability in America. The National Affordable Housing Management Association (NAHMA) supports the House Financial Services Committee's efforts to maximize organizational efficiency within the Department of Housing and Urban Development (HUD) and design innovative approaches to address housing affordability across the country.

NAHMA is the leading voice for affordable housing management, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing. NAHMA supports legislative and regulatory policy that promotes the development and preservation of decent and safe affordable housing, is a vital resource for technical education and information and fosters strategic relations between government and industry. Founded in 1990, NAHMA's membership today includes the industry's most distinguished multifamily owners and management companies.

## **1. Restructuring HUD to Maximize its Organizational Efficiency**

### **Recommendation:** Upgrade/Modernize HUD's Information Technology (IT) Systems

In April of 2013, HUD began a series of restructuring and systemic changes within its Office of Multifamily Housing Programs and the Office of Field Policy and Management. This plan involves streamlining Multifamily's organization in its Washington headquarters and consolidating its 50 state field offices into ten offices, which will report to five Multifamily Hubs. Throughout the Multifamily transformation initiative, NAHMA has worked with HUD to ensure that owners and management agents (O/As) engaged in Project-Based Section 8 contracts would continue to have reliable communication and service from HUD staff. However, our members have experienced many challenges when seeking assistance from their HUD field offices and / or Multifamily HUBs, largely due both to HUD's lack of clarity and to newly assigned HUD project managers, as well as outdated systems. To address these issues, NAHMA recommends the committee examine and provide adequate Information Technology upgrades to ensure HUD's office structure which will allow their staff and O/As to take full advantage of the streamlined service model created by the Multifamily transformation.

### **Recommendation:** Performing Income Certifications Once for All Federal Programs

Mixed-financed properties have become increasingly common as older HUD and USDA-Rural Development properties use the Low-Income Housing Tax Credit (LIHTC) for preservation and recapitalization. These programs require owners and managers to complete separate income certifications that verify the eligibility of the tenants living in affordable housing. In some cases, these certifications determine tenants' share of the rent.

NAHMA recommends that a uniform federal standard for income certification procedures should be imposed. Income certifications are performed only once for all federal programs. Moreover, technology exists that allows the owner/ agent to submit data all at once electronically, and this data should be acceptable to all federal agencies.

**Rationale:** Income certifications for both HUD multifamily subsidies and LIHTC properties serve the same purposes, yet there are a variety of differences between them. As examples, rules often differ with regard to rounding amounts to the nearest dollar, and the extent of certified income expenses for medical or child support payments vary. Another obstacle presented to housing providers is the wide variety of forms that are used in income certification. Under the LIHTC structure, the rules and income certifications are delegated to the states, whereas HUD uses its own forms and procedures for HUD programs. Thus, property managers must maintain separate and parallel files to ensure compliance with all of the applicable regulatory schemes. Instead of this duality, there should be a uniform federal standard for all income certification procedures.

**Cost Savings to the Federal Government:** Implementing a uniform federal standard that will require income certifications once for all federal programs is estimated to generate a net savings to the federal government of \$129 million over a ten-year period.

2. **Innovative approaches to address housing affordability that respect individual rights and promote individual responsibility.**
3. **Methods of targeting housing assistance to address generational cycles of poverty,**
4. **Examples of successful implementation of such proposals at the local, national, or international level (if applicable)**

**Recommendation:** Expand Access to Voluntary Tenant Service Programs in Multifamily Housing Programs

To achieve the goal of addressing housing affordability and promoting individual responsibility, the Committee should consider legislation which will extend job training programs found in public housing and voucher programs to programs administered by the Office of Multifamily Housing. For example, the Family Self-Sufficiency (FSS) program is the primary federal program for increasing employment and earnings and reducing reliance on government subsidies among recipients of housing subsidies. Until recently, FSS was limited to the recipients of Public Housing and House Choice Vouchers subsidies. NAHMA recommends the program be expanded to all rental assistance programs, on a voluntary basis.

In addition to the FSS program, NAHMA also recommends providing access to service coordinators for senior and disabled populations. As the national population continues to age, access to essential services will be central to all housing programs. Increase and stable funding is needed to support the current service coordinator program, particularly in Section 202/811 PRAC and tax credit properties. In some instances, it's difficult to obtain a service coordinator program when a PRAC property doesn't have the funds to support the program. The current funding level that is provided by HUD either through the property's operating funds or grants may not always support a full-time person, especially when funded by operating funds and tax credits. Overall, the salaries for these positions are very low whether the program is funded by a grant or operating funds.

### **Examples of Successful implementation of successful affordable housing programs**

NAHMA has long recognized innovative affordable housing projects, specifically highlighting innovation through our Community of Quality's annual Housing Vanguard Awards. These awards recognize newly developed or significantly rehabbed affordable multifamily housing communities that showcase high quality design and resourceful financing. The excellence exhibited throughout these multifamily developments belies the notion that affordable housing cannot be assets to their communities. Vanguard Award winners deliver powerful proof that affordable housing done well can transform neighborhoods as well as the lives of individual residents.

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

Award winners demonstrate that exceptional new affordable housing is available across the country; Demonstrates that the affordable multifamily industry is and must be creative and innovative if such exceptional properties are to be built given the financial and other challenges to development; Highlights results of the private-public partnerships required to develop today's affordable housing; and Shares ideas for unique design and financing mechanisms with industry practitioners to further stimulate creative development in the affordable multifamily industry. Here are five recent winners and a brief description of their innovative approach to affordable housing. The winners are:

- **Park 7 Apartments** is an anchor for Washington, D.C.'s Minnesota Avenue Great Streets Program and a catalyst in transforming the Ward 7 neighborhood. Of the 376 units in Park 7, 346 apartments have been designated affordable at 60 percent area median income (AMI) and 320 were occupied in less than a year of leasing. A true transit-oriented development, Park 7 is located adjacent to the Minnesota Avenue Metrorail station and the planned H Street-Benning Streetcar line while car- and bike-sharing services were introduced on-site and in the surrounding neighborhood. The property's first-floor retailers have begun to open and other long-depressed urban parcels are now in development nearby. The development is a public-private partnership, with the district contributing the land in exchange for high-quality construction standards, minority construction and ownership of an affordable, high-end, mixed-use apartment community to an under-served corridor. It was financed with a unique structure that included tax credits and both taxable and tax-exempt debt to capitalize on the best interest rate environment available at the time it closed. The project required parceling together a series of vacant and/or abandoned lots adjacent to a Metrorail station and an in-use freight train track. Specific design plans and construction materials were required to dampen the noise reaching into the apartment homes, including noise-cancelling windows. The building features 376 apartments units, 276 surface-level parking spaces, 22,000 square feet of ground-floor retail and two 20,000 square-foot courtyards with grills and play areas in the building's interior. Units range from studios to up to three-bedrooms and include natural granite counters, brushed steel appliances, full-sized washer/dryers, walk-in closets, Berber carpeting, 6-foot windows, high-speed fiber optic services and private balconies. Additional amenities include an attended front desk with controlled building access, modern entry lobbies, a fully equipped fitness center, community room with LED televisions and a business center with touch-screen monitors and Wi-Fi. Park 7 was named a National Association of Home Builders Best Affordable Financing finalist and received the *Washington Business Journal* Best Real Estate Deals of 2015 award.
- **Valley Brook Village** (VBV), located on the Lyons campus of the Department of Veterans Affairs (VA) New Jersey Health Care System in Basking Ridge, N.J., addresses all of the issues that homeless veterans face by providing housing, health care and employment assistance. It is the first permanent supportive housing project in the country to be built on a VA medical campus under the Enhanced Use Lease Program enacted by Congress to utilize federal surplus land to create affordable housing for homeless veterans, and is the area's first housing community reserved entirely for homeless and at-risk veterans. The village-style community, consisting of 62-units and three-buildings, is a result of a collaboration of several private and public sector entities and cost \$15.7 million to develop. Fifty of the units were awarded project-based housing vouchers under the Department of Housing and Urban Development and Veterans Affairs Supportive Housing (HUD-VASH) Program. The remaining units are available to homeless veterans who meet the income eligibility requirements or have their own tenant-based voucher. VBV earned the Gold designation for Building A and Silver designation for Buildings B and C for the Leadership in Energy and Environmental Design (LEED) from the U.S. Green Building Council. Furthermore, VBV created an energy reduction plan with the Office of Clean Energy as part of its Pay for Performance application. The on-site management team consists of a property manager that is a licensed social worker, two VASH case managers, a peer advisor, employment and training specialist, van driver, live-in responder and service manager for facilities and maintenance. Additionally, being built on the medical campus affords the veterans easy access to on-site VA health and mental health services. Both the municipality and surrounding community have embraced VBV with collection and fundraising drives to benefit the low-income veterans residing in the community. In addition, the local YMCA provides pro bono weekly passes to the veterans for exercise and fitness, and the local

churches provide transportation to AA meetings, pastoral and one-to-one support to the residents. The local VFW provides the residents with housekeeping supplies and hosts annual holiday dinners for the residents.

- **Glenark Mills/Glenark Oaks** began its life as a cotton mill called Glenark Mills in 1865 and was added to the National Registry of Historic Places in 1989. A year later, it was converted to a 67-unit multifamily rental property. Glenark Oaks, added in 1989, consists of 22 affordable apartments in two buildings. When renovations on the properties began in 2012, they were in serious disrepair and had been so plagued with crime that the city had a special police detail on-site. Interior improvements included kitchens and bathrooms upgrades, painting apartments and replacing carpets. Since Glenark Mills is on the National Register, the exterior renovation was achieved with repointed brick and new windows, doors, roof, etc., that fit the period. Energy improvements consisted of a new insulated roof; energy-efficient vinyl-glazed windows; new 95-percent efficient boilers; Energy Star-rated appliances; lighting upgrades; and an energy-efficient configuration of all controls and sequences pertaining to HVAC. Now, Glenark Mills/Glenark Oaks is one of 17 multifamily properties chosen as a Showcase Property in the U.S. Department of Energy's Better Buildings Challenge to reduce energy consumption by 20 percent. All 89 apartments, which include a mix of one-, two- and three-bedrooms, are affordable for people earning up to 60 percent AMI with the affordability restriction in place for 40 years. The redevelopment was financed with a mix of low-income housing tax credits, historic tax credits, a first mortgage and a seller-financed purchase money mortgage. The project also used city and state funding, including Home Investment Partnerships (HOME) funds and Affordable Housing Trust Funds. One of the major challenges to overcome was the overall negative perception of the property in the community. This was achieved through strong marketing efforts, which included inviting city leaders and the community at large to tour the renovated buildings and led to an overabundance of applicants. The property offers a Youth Rap program, which provides educational programs, life-skills training, field trips and community events for the children during after-school hours, school vacations and summer. The property also has a gym with an indoor basketball court, community room, a community kitchen and a separate recreation room. Events are held for all residents, including a summer barbecue, Thanksgiving dinner and other holiday celebrations.
- **Voke Lofts** is comprised of 84 mixed-income apartments, half of which are restricted to households with incomes in the 30 and 60 percent AMI and half of which are market rate. The 116,306-square-foot building is comprised of one- to three-bedroom units, some of which include dens. Built in the 1920s, it was the Worcester Vocational Technical High School or Voke building- originally known as the Worcester Boys' Trade School- and was one of the earliest successful trade schools in the country. Voke Lofts transformed the historic, vacant former school, listed on the National Register of Historic Places, into affordable housing while preserving the historical integrity of the property. There are more than 4,000 square feet of common areas for resident use and enjoyment such as a fitness center, computer learning center (Think Tank), art gallery and lounge with fully equipped kitchen, large-screen television and comfortable seating with Wi-Fi access, and secured bicycle storage. There is an outside lot and an outdoor patio with tables for the use and enjoyment of residents. There is a room set aside to be used for craft and art classes for children and adult residents. Voke Lofts is a smoke-free community. No two apartments are identical at Voke Lofts, which adds to the historic charm of the building. There are multiple layouts and floor plans, but every apartment has its own unique features. All apartments are open space design with high ceiling and oversized large windows, with exposed original brick walls in all apartments. The building was designed to be extremely energy efficient and meets LEED certificate requirements. Some of the improvements included using green-labeled carpets, hardwood floors, Energy Star lights and appliances, low volatile organic compounds paint and water-saving plumbing devices. The project benefitted from both federal and state Low-Income Housing Tax Credits (LIHTC) and federal and state historic tax credits. Additionally, the project utilized multiple sources of financing including various government funds, housing grants and loans.
- **The Commons at Imperial Hotel-** as the Imperial Hotel- had been a landmark building in downtown Atlanta since 1911, and had been a site dedicated to providing permanent supportive housing to the city's formerly homeless population since 1996. But when the building was placed in foreclosure in 2009, Atlanta sought out housing providers to help save the historic building. The Georgia Department of Community Affairs (DCA) and the city selected National Church Residences, along with Columbia

Residential, for the project. Besides assistance from the DCA and city, the Atlanta Housing Authority provided rental support through the Homeless Demonstration program. Applications were submitted for federal and state LIHTCs, federal historic tax credits, loans, grants and other resources. The major challenge was maintaining the historical standards of a building that is on the National Register of Historic Places while trying to convert it into a modernized permanent supportive housing facility. Another major challenge was evacuating the entire building for the duration of the 12-month renovation, requiring all residents to be permanently displaced. The building was equipped with housing-based subsidy meaning the displaced residents who, after receiving the benefits owed to them as part of their relocation package, may not have been able to afford housing costs. Through a complicated process with HUD, the local housing authority and the management team, The Commons was able to abate the subsidy at the building, provide vouchers for existing residents to use for their relocated housing and add new housing-based subsidy once the building reopened. The renovation created 90 efficiency apartments, a suite of supportive services and resident amenities on-site. Redevelopment utilized sustainable construction and redevelopment principles, including LEED Gold Certification Standards. Other upgrades included security features for complete controlled access system with electronic keys, video-security system and 24-hour concierge entry. Amenities include wellness/medical offices, community room, training rooms, computer/business center, fitness center, laundry facility, indoor bike racks and trash chutes. All units are rented to persons at or below 60 percent of AMI/50 percent AMI for HOME units and are targeted to residents with special needs, disabilities and those coming out of homelessness. Prior Imperial residents were given the first opportunity to return to The Commons at Imperial Hotel.

Sincerely,

A handwritten signature in black ink that reads "Kris Cook". The signature is fluid and cursive, with the first name "Kris" being larger and more prominent than the last name "Cook".

Kris Cook, CAE