NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

NAHMANews

July August 2010

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

Concerns About HUD's Plans to Transform Rental Assistance

On May 12, 2010, HUD released draft legislation for implementing its Transforming Rental Assistance (TRA) Initiative proposed in the department's FY 2011 budget request and its FY 2010-2015 Strategic Plan. HUD asked Congress to provide $350 million to fund it.

The draft legislation is called the Preservation, Enhancement, and Transformation of Rental Assistance Act of 2010 (PETRA). The legislation would allow HUD to begin voluntarily consolidating its 13 separate rental assistance programs.

The first stage of TRA would offer public housing and private owners of Rental Assistance Payments (RAP), Rent Supplement (Rent Supp) and old Moderate Rehabilitation (Mod Rehab) properties the option of voluntarily converting to long-term, project-based rental assistance that includes a resident mobility feature. However, statutory changes are required in order to implement this proposal.

While NAHMA supports the goals of streamlining HUD's rental assistance programs, the organization is **extremely concerned** about the **POTENTIAL IMPACT** this draft legislation will have on the **privately owned multifamily housing stock**.

HUD has stated that the bill would help public housing sustain operations, leverage private financing to address capital needs and implement energy-efficiency improvements. The agency believes it offers the means to preserve public housing, as well as the RAP, Rent Supp and Mod Rehab properties. Under the legislation, HUD would have the authority to expand the conversions to other rental assistance programs in the future.

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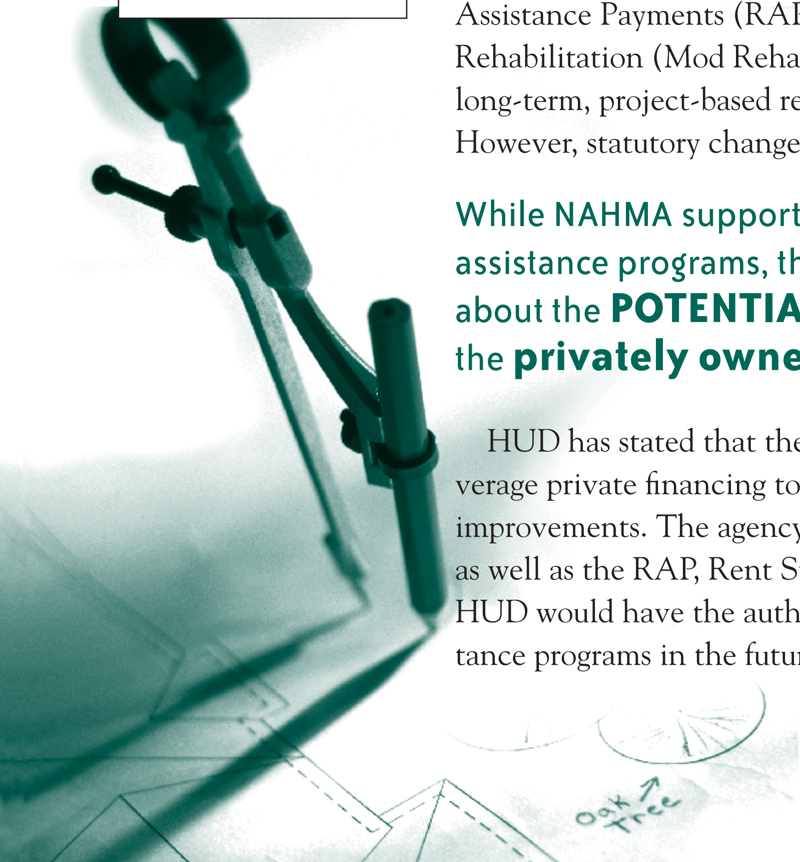


"RealPage has helped us balance our financial bottom line with resident-focused management."

Shari Koehler, *CFO, Franciscan Ministries, Inc.*

The mission of Franciscan Ministries, Inc. is to provide residents a caring environment in the form of resident-focused, high-quality affordable housing. And fulfilling this mission requires smart management.

"With the goal of offering quality affordable housing in a competitive market, we want to lead the industry in business practices by putting residents at the center of everything we do," says Shari Koehler, CFO of Franciscan Ministries. "It is therefore imperative that technology and business solutions are cutting-edge. Having efficient operations lets us focus our efforts on those we serve."

As a charter sponsor since 2000, Franciscan Ministries has been a loyal customer in the development of RealPage's OneSite software.

"Of all the benefits we've received from RealPage software, enhanced reporting capability is the most significant," says Koehler. "The ability to generate real time reports for occupancy, collections, delinquencies, and recertifications is critical for organizations that manage affordable housing. Regulatory compliance is critical to us, and RealPage has helped us dramatically refine our internal audit function and standardize processing for the portfolio."

"When it comes to month-end closing, we definitely feel the impact of efficient, streamlined processing. Due to OneSite software, our accounting end-of-month process is 70% more efficient, thereby improving the timeliness of monthly financial reporting.

"Troubleshooting has also dramatically improved. We can now quickly identify training, processing or setup concerns and immediately take action to resolve them. And utilizing Web-based software has lessened the need for technical resources and infrastructure, which has generated savings in both human and financial resources," says Koehler.

Franciscan Ministries' leaders continue to work with RealPage to explore new ways its software can help them work smarter. How can we help you? To learn more, call us at **1-87-REALPAGE**.

REALPAGE

NAHMANews™
July August 2010 • Vol 21, No. 4

NAHMA News is published six times a year by the National Affordable Housing Management Association, 400 North Columbus Street, Suite 203, Alexandria, VA 22314, Phone (703) 683-8630, Web site: www.NAHMA.org

SUBSCRIPTIONS: Free for NAHMA/AHMA members, $100 for nonmembers.

ADVERTISING: Digital ads preferred. Rates vary. Contact: Dan Cooper at (301) 215-6710, ext. 112.

QUERIES: Letters to the Editor and other queries should be sent to NAHMA Executive Director Kris Cook at kris.cook@NAHMA.org or to the address above.

inside nahma

BY KRIS COOK, CAE

Foundation Scholarships—Are You Part of the Success?

IN 2007, THE NAHMA EDUCATIONAL Foundation, founded in 1994, began a scholarship program for residents in AHMA and NAHMA member communities. Since then, the Foundation has awarded 149 scholarships totaling $145,000. This includes 2010's crop of 34 student awardees.

The Foundation's scholarships average between $1,000 and $2,500, and their impact on the student is tremendous. Residents seeking an education beyond high school need all the help they can get. What could be more encouraging than having a Foundation go through a rigorous, competitive process and determine that you have been selected as the winner of a substantial financial reward?

PROFILES IN DILIGENCE

Here are just a couple success stories to warm your heart. (No names are given to protect their privacy.)

- As a 20-year-old mother of a young daughter, this senior at the University of Wisconsin-Oshkosh understands the need for good teachers. She is majoring in elementary and special education and will be a student teacher in the spring of 2011.
- Entering his senior year at the University of Delaware, this 21-year-old has been accepted to medical school. He has a 3.8 grade point average with impressive references on an undergraduate research project. He emigrated to the U.S. at the age of six, speaking no English.
- This 21-year-old native of South Africa came to this country 10 years ago and now attends Barnard College. After graduating, she hopes to go on to law school and then return to South Africa and provide legal services to needy residents of her native country.

Imagine nearly 150 similar stories of triumph over adversity and results that will reverberate through individuals, families, communities and even countries.

It's a real testament to the NAHMA Educational Foundation that so much has been achieved in just four years. **And the Foundation has the infrastructure in place to do so much more!**

WHAT YOU CAN DO

There are several ways you can help the Foundation have an even greater impact.

The first is to contribute financially to support its work. Become a Friend of the Foundation, and your tax-deductible contribution will be put to good use.

Second, get your residents engaged in the scholarship program. Five AHMAs had residents apply for scholarships in the first year of the program. This increased to 10 AHMAs in years two and three, and this year only nine AHMAs (out of a total of 19) had applicants. Six AHMAs have never had a student applicant.

This is such an easy program to get residents engaged in. But they can't apply for scholarships they don't know about and aren't guided through the application process if they need help.

The profiles above are just a very small sampling of the powerful effect of the NAHMA Educational Foundation. I hope they—and I—can inspire you to be a supporter in all the ways possible. **NN**

Kris Cook is Executive Director of NAHMA.

The legislation also includes a first right of purchase by HUD for converted properties, a more detailed explanation on the resident mobility feature, and an expansion/streamlining of tenants rights in federally-assisted housing programs.

A few weeks after the release of the FY 2011 budget request, NAHMA signed on to an industry letter addressing the industry's concerns over moving from a well-established, project-based rental assistance program to an undefined hybrid of housing choice vouchers and project-based assistance. **These concerns grew when HUD released the PETRA language.**

NAHMA'S CONCERNS

While NAHMA supports the goals of streamlining HUD's rental assistance programs, the organization is extremely concerned about the potential impact this draft legislation will have on the privately owned multifamily housing stock. Vague language in Section 3 (which authorizes TRA under a new Section 8(m) of the United States Housing Act of 1937) would allow HUD to streamline its policies across all of its rental assistance programs, not just its initial proposal of public housing, RAP, Rent Supp, and Mod Rehab. This could cause a number of problems.

Furthermore, NAHMA believes that this authority will result in new administrative burdens that have the potential to inappropriately alter the existing contacts non-converting owners have with HUD.

During a House Financial Services Committee hearing on PETRA on May 25th, National Leased Housing Association (NLHA) President Terri Preston Koenig testified that HUD had proposed consolidating programs that serve distinct populations, like Section 202 and 811, into the new general rental assistance stream. NAHMA agrees with Koenig's assessment that if these programs are consolidated, it

House Committee, Industry Concerned About PETRA

On May 25, 2010, the House Financial Services Committee held a hearing on HUD's draft Preservation, Enhancement, and Transformation of Rental Assistance Act of 2010 (PETRA) legislation. PETRA, as submitted to Congress, is based on HUD's Transforming Rental Assistance (TRA) initiative proposed in the FY 2011 budget request.

Testimony was given by HUD Secretary Shaun Donovan and a number of industry stakeholders. Both Republicans and Democrats on the Committee had serious concerns with the draft legislation, specifically regarding treatment of public housing in the case of foreclosure and the overall cost of the conversions. All of the industry stakeholders—which included PHAs, privately-owned affordable housing, and tenants groups—were also gravely concerned with the legislation as written.

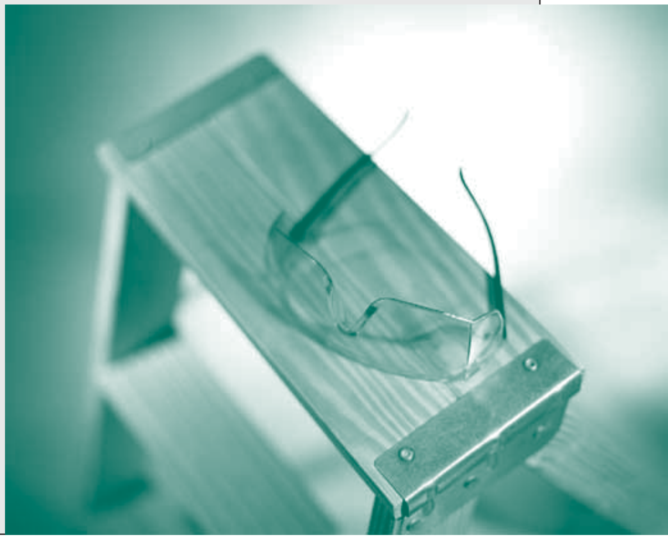
At the hearing, Secretary Donovan testified that PETRA would help owners voluntarily convert PHA and privately owned RAP, Rent Supp, and old Mod Rehab properties to long-term project-based rental assistance, which includes a resident mobility feature. Donovan also reiterated that the intentions of the bill include helping the properties sustain operations and leverage private financing to address immediate and long-term capital needs and implement energy-efficiency improvements.

Rep. Nydia Velasquez (D-NY) asked the Secretary if HUD was planning on adding additional programs to the conversion in the future. Donovan explained that the PHAs and the three privately owned orphan programs were HUD's initial focus and that HUD was not proposing an expansion at this time. Rep. Velasquez reminded the Secretary that PETRA did contain language that would allow HUD to expand the conversion to Section 8, Section 202 and Section 811, among other programs, with future notice. Donovan said that HUD thought if the initial PETRA conversion was successful other programs would want to participate.

The Committee members and industry stakeholders also discussed their concerns about the fairness of HUD's proposed resident mobility feature. Under the legislation, one-third of the housing choice vouchers that are turned over would be given to residents wishing to move to another property, allowing them to jump ahead of those who are already on a waiting list.

During the hearing, Rep. Kenny Marchant (R-TX) submitted an industry letter, which NAHMA drafted on behalf of the signers, stating their grave concerns regarding PETRA for the hearing record.

HUD Secretary Shaun Donovan also testified before the House and Senate Appropriations Committees on the FY 2011 budget request and this proposal. During these hearings, he explained that TRA is intended to simplify and streamline the delivery of rental assistance to tenants to reduce the costs of operating the programs, make the programs easier to use, encourage leveraging of private capital, and encourage resident choice and mobility. Both Democrats and Republicans voiced their concerns during these hearings about the feasibility of tenant mobility and beginning new programs through the appropriations process that have not been authorized through the normal means.



could have adverse affects on HUD's ability to effectively serve these special needs groups.

NAHMA also agrees with Koenig's observation that it makes no sense to convert the established project-based Section 8 program to a new one with new rules. The current project-based Section 8 program is effective and functions well. NAHMA believes merging the program with HUD's new hybrid rental assistance-program would destabilize the known project-based Section 8 program in the financial markets.

Despite the fact that HUD said it was only planning to offer conversions to public housing, RAP, Rent Supp and Mod Rehab programs at this time, during the hearing Rep. Nydia Velasquez pointed out to HUD Secretary Shaun Donovan that PETRA did contain language that would allow HUD to expand the streamlining of its policies and the conversion program to other Section 8 programs and any other programs HUD identified by notice.

Donovan replied that HUD believed if the initial PETRA conversions were successful, other programs would want to participate. However, NAHMA does not believe that PETRA, as written, offers enough incentives to PHAs and property owners to participate in the conversion process considering the large number of new rules and regulations attached to the conversion contracts, including the first right of purchase by HUD.

During Koenig's testimony to the committee, she also discussed the problems of voluntary versus mandatory conversion. She said voluntary conversion would not achieve HUD's goals of streamlining the rental assistance programs if properties decided not to participate. True streamlining, she said, could only be achieved through induced property conversions to long-term project-based contracts.

NAHMA is particularly concerned over the inclusion of a first right of purchase for converted properties. Including this as a requirement of converting a contract will discourage PHAs and property owners from participating in the program, which is contrary to HUD's goals of rehabilitation and preservation of the existing portfolio.

In addition, the legislative language states that "For other covered properties [outside of public housing, Mod Rehab, RAP, and Rent Supp that choose to convert their contracts], the Secretary and owner may agree to be bound by this subparagraph [on what properties are subject to the first right of purchase]." While the legislation appears to allow for an exemption from the first right of purchase for privately owned properties that convert their contracts, it does not guarantee it. NAHMA is concerned that privately-owned properties which convert could still be subject to a first right of purchase in future contract renewals.

While there is a possibility for privately-owned properties to receive an exemption from the first right of purchase, NAHMA is concerned that there may be no option to allow private housing owners to opt out of contracts in the future even though they maintain ownership of their buildings. Section 4 of the draft bill would authorize HUD to enter into long-term property-based contracts for rental assistance, subject to annual appropriations. Language in this section would allow HUD to obligate owners and their successors to accept rental assistance contract renewals for the life of the property after the property is converted to the new Section 8(n) assistance contracts.

NAHMA is also unsure how HUD will fulfill the resident mobility provision in a way that is fair to all persons waiting for a voucher.

While the legislation **appears to allow** for an exemption from the first right of purchase for privately-owned properties that convert their contracts, it **DOES NOT GUARANTEE IT**.

NAHMA'S POSITION

NAHMA is committed to working with HUD and Congress to ensure affordable housing units are preserved; however, NAHMA does not support the approach proposed in PETRA. The language is too broad, and it gives HUD the authority to make far-reaching decisions that could destabilize existing programs that work well, like project-based Section 8.

Furthermore, NAHMA believes there are no incentives for project-based Section 8 properties to convert to the new assistance and no efficiencies to be achieved through the conversion.

Nevertheless, NAHMA strongly urges HUD to continue engaging the public and private housing communities to develop workable recapitalization and preservation strategies. Public housing, Mod Rehab, Rent Supp and RAP units are important resources that should be preserved as affordable housing.

On the other hand, NAHMA also feels that the RAP and Rent Supp units could be easily and efficiently preserved by allowing owners to convert the units to the current project-based Section 8 program as proposed in the current preservation legislation, HR 4868—The Housing Preservation and Tenant Protection Act.

For a copy of the PETRA legislative language, go to NAHMA's website at www.nahma.org and click on its Legislative section. **NN**


TENANT
PARKING ONLY
OR
OFFICERS LOOKING
FOR THE CONVICTED
SEX OFFENDER IN 4B.

BY MICHELLE KITCHEN

Congress Gridlocked, Administration Tries to Shake the Tree

IT'S THE SUMMER BEFORE AN election, and Congress is gridlocked—again.

At press time, Congress had still not finalized legislation that extends the Low Income Housing Tax Credit (LIHTC) cash-exchange program to 2010 credits. The Section 8 Voucher Reform Act (SEVRA) has not been passed by the full House, nor has it been introduced in the Senate. SEVRA includes important language to streamline the inspection process in the Housing Choice Voucher program, as well as authorization for HUD to provide a limited English proficiency technical assistance program.

Although the House Financial Services Committee approved an amended version of Rep. Barney Frank's Housing Preservation and Tenant Protection Act, the changes do not go far enough to accommodate NAHMA's concerns. For example, the federal right of first refusal to buy affordable privately-owned properties was changed to a state agency right of first refusal. Also, Section 304 still requires HUD to release confidential business information to tenants.

PETRA STILL BEING PURSUED

Undeterred by a contentious hearing in the House Financial Services Committee, a lack of support from the public housing and multifamily owner/agent communities and skepticism from tenants' groups, HUD continues to pursue its controversial transformation of rental assistance initiative--the Preservation, Enhancement and Transformation of Rental Assistance Act of 2010 (PETRA).

To date, no member of Congress has introduced PETRA as free-standing legislation. HUD aggressively lobbied Congress to authorize $350 million to fund conversions under the transformation of rental assistance initiative. However, the House and Senate Appropriations Transportation-HUD Subcommittees rejected HUD's request.

Although NAHMA does not support HUD's PETRA legislation, we have, for several years, requested high level interagency collaboration to address regulatory conflicts among the various rental assistance programs on mixed-finance properties. NAHMA has repeatedly called for an interagency forum focused on removing barriers which inhibit production, preservation, rehabilitation and regulatory compliance of affordable apartment communities. The White House seems to have been listening.

WHITE HOUSE SEEKS ADMINISTRATIVE ACTIONS

On July 7, NAHMA's Executive Director, Kris Cook, participated in a working meeting titled, "Aligning Federal Rental Policy: Opportunities to Administratively Improve the Overlap of Federal Rental Funding Streams." Also attending were staff from the White House Domestic Policy Council, HUD, USDA-RHS, Treasury-IRS and housing practitioners. The meeting focused on conflicts among the federal rental assistance programs which could be solved through administrative action.

Background material provided by the White House acknowledged the difficulty in "…the fact that housing and community organizations must often overlay multiple sources of financing and rental assistance which are in turn administered by a number of different federal agencies sometimes makes the development and operation of affordable homes needlessly complex, expensive and time consuming." Participants were invited to suggest ways the government "might reduce redundancies, standardize practices, and eliminate inefficiencies in our affordable rental housing programs."

Kris used this opportunity to raise several of NAHMA's concerns. A key priority for NAHMA is achieving a single student occupancy rule across all federal programs so that otherwise-eligible residents are not denied affordable housing in mixed-financed properties.

Similarly, she advocated for streamlining the multiple property inspections required by each type of federal financing. This change would substantially reduce the administrative burden on properties and minimize disruption to residents.

Finally, Kris pointed out the complexity of the new "hold harmless" requirements for Low Income Housing Tax Credit income limits. NAHMA continues advocating for simplification of the income limits by applying them on a county-wide basis rather than the current project-by-project method.

NAHMA welcomes your continued feedback on how to improve federal affordable housing programs. Your expertise helps to better inform our advocacy with members of Congress and Administration officials. **NN**

Michelle Kitchen is Director of Government Affairs for NAHMA.

BY JAMES R. KROGER, CPA

Project-Based vs. County-Based Approach for Determining Income Limits

This article first appeared in the July 2010 issue of the Novogradac Journal of Tax Credits and is re-produced here with the permission of Novogradac & Company LLP. For further information, visit www.taxcredithousing.com.

This article is a follow up to the article, "Understanding the 2010 Income Limits," in the June 2010 *Novogradac Journal of Tax Credits*. Last month we described examples of the project-based approach versus the county-based approach for determining rent and income limits for low-income housing tax credit (LIHTC) and tax-exempt bond projects. Those examples showed how the project-based approach can result in counties with several rent and income limits. This poses technical challenges in determining which rent and income limits are correct for a project and practical challenges in having different rent and income limits for projects in the same area. This article will explore more issues related to the project-based approach.

The Internal Revenue Service (IRS) and the U.S. Department of Housing & Urban Development (HUD) have informally indicated that the project-based approach is the correct approach; however, the language in Internal Revenue Code (IRC) §42 and §142, along with the Housing and Economic Recovery Act of 2008 (HERA), isn't clear that a project-based approach is the absolute approach.

BACKGROUND

Since 1986, LIHTC and tax-exempt bond properties under IRC §42 and §142 have determined their income limits from HUD Section 8 income limits. However, in 2009, to accommodate adjustments to the HERA-required Section 8 income limits, HUD published income limits for IRC §42 and §142 apart from Section 8. This separate data set for IRC §42 and §142 is called Multifamily Tax Subsidy Projects (MTSP) and includes both the Section 8 income limits and the HERA Special income limits.

LIHTC and tax-exempt bond properties under IRC §42 and §142 still use Section 8 income limits, but HUD now publishes the MTSP income limits to accommodate the HERA adjustments. The two adjustments from HERA are:

1. HERA Special adjustment for counties with no income decrease in 2007 or 2008 due to HUD's hold harmless policy; and
2. HERA hold harmless provision to prevent income limits from decreasing.

PROJECT-BASED APPROACH

The HUD 2009 and 2010 briefing material for MTSP income limits, along with informal guidance from the IRS in LIHC Newsletter #35, indicate that only projects placed in service before January 1, 2009 qualify for HERA Special income limits.

This guidance also indicates that the income floor for the HERA hold harmless provision begins when the project is placed in service.

This project-based approach means that in 2010 there are two income limits for those counties that had a decrease in Section 8 income limits from 2009 to 2010. More than 500 counties had a decrease. For example, San Diego County, Calif. has two income limits in 2010 as follows:

1. 2009 MTSP for projects placed in service prior to May 14, 2010 that use the HERA hold harmless provision; and

2. 2010 MTSP for projects placed in service on or after May 14, 2010.

This project-based approach also means that in 2010 there are three possible income limits for HERA Special counties. More than 1,000 counties qualify for the HERA Special limit. For example, Durham County, N.C. has three income limits in 2010 as follows:

1. HERA Special for projects placed in service prior to January 1, 2009;

2. 2009 MTSP for projects placed in service on or after January 1, 2009 but prior to May 14, 2010 that use the HERA hold harmless provision; and

3. 2010 MTSP for projects placed in service on or after May 14, 2010.

The project-based approach results in different income and rent limits in the same county depending on when projects place in service (see "Understanding the 2010 Income Limits" in the June 2010 *Novogradac Journal of Tax Credits* for more information).

Issues related to the project-based approach were not apparent until HUD removed its hold harmless provision on Section 8 income limits this year, and tax credit and tax-exempt bond projects had to rely on their own hold harmless rule from Section 3009(a) of HERA, which is now codified in IRC §42 and §142(d)(2)(E)(i). Now that HUD has removed the hold harmless provision for Section 8 income limits, there are counties that have income limits that decreased in 2010. Under the project-based approach, tax credit and tax-exempt bond projects placed in service after the income limits release date (May 14, 2010) must use those lower rent and income limits. Projects in service prior to May 14, 2010 can use the HERA hold harmless provision.

HOLD HARMLESS DEFINITION OF "DETERMINED"

The HERA hold harmless policy for tax credit and tax-exempt bond projects found in IRC §142(d)(2)(E)(i) reads as follows:

> "Any determination of area median gross income under **subparagraph (B)** with respect to any project for any calendar year after 2008 shall not be less than the area median gross income **determined** under such subparagraph with respect to such project for the calendar year preceding the calendar year for which such determination is made." *(emphasis added)*

This doesn't specify that the project-based approach should be used, and can be interpreted as a county-based approach. IRC§142 (d)(2)(E)(i) states that the income shall be **determined** under **subparagraph B**. IRC §142(d)(2) **subparagraph B** states that:

> "area median gross income shall be **determined** by the Secretary in a manner consistent with **determinations of lower income families and area median gross income under section 8."** *(emphasis added)*

HUD determines Section 8 income limits on a county basis and projects in a county use the same income and rent limits; HUD does not consider a project's placed-in-service date for selecting income limits. Determinations under subparagraph B, which are made in accordance with Section 8 rules, are always determined on a county basis, which means that IRC §142(d)(2)(B) income determinations should also be made on a county basis.

If the HERA hold harmless provision is applied on a project basis, the result is that projects in the same county have different income and rent limits depending on when they are placed in service.

If the HERA hold harmless provision is applied on a county basis, the result is that projects in the same county have the same income and rent limits no matter when they placed in service.

OTHER TECHNICAL ISSUES

If the project-based approach continues to be used instead of a county-based approach, then the following issues require more guidance from the IRS:

1. Is the reference to calendar year in IRC §142(d)(2)(E)(i) based on a 12-month calendar year or a HUD income year?

2. When is the income limit determined for projects with buildings that are placed in service in different credit periods?

3. When is the income limit determined for projects with all or some buildings that defer the credit period?

4. When is the income limit determined for multi-building projects that elect "no" on Question 8b of IRS Form 8609 regarding the multiple-building election?

5. Should income and rent limits determined by the state for financial feasibility during application and carryover count as the income determination date instead of the placed-in-service date?

6. When is the income limit determined for acquisition rehabilitation projects that are not previously subject to a LIHTC regulatory agreement?

7. When is the income limit determined for acquisition rehabilitation projects that are subject to a previous LIHTC regulatory agreement?

8. Is there a corresponding income floor that is similar to the gross rent floor election discussed in IRS Revenue Procedure 94-57?

None of these technical issues would exist under the county-based approach.

PRACTICAL ISSUES

Under the project-based approach, in periods of decreasing Section 8 income limits, projects placed in service in later years will be at a financial disadvantage to projects that were placed in service in earlier years, in both the amount of rent they can charge and in the number of tenants that can qualify to live in the project. The project-based approach could also lead to the unintended consequence of making the HERA hold harmless provision ineffective because older projects might have to lower their rents to compete with newer projects placed in service in years with lower rent limits in the same neighborhood.

The project-based approach creates an administrative burden for state monitoring agencies, property managers and investors because of the complicated rules and multiple data sets. If property managers are unsure which income limit is correct, they may move in tenants who do not qualify to live in their project, or may deny tenancy to tenants that do actually qualify to live in their project; also, rents might be over charged or under charged.

Two flow charts are available online to accompany this article. One is a project-based chart and one is a county-based chart. Note that these charts are for tax credit projects only. The tax-exempt bond charts would look similar except that the national non-metro income and rent floor election do not apply. The charts can be downloaded from www.novoco.com/low_income_housing/facts_figures/income_limits.php.

The project-based chart demonstrates the administrative complexity associated with determining rents and incomes on a project by project basis. The only question that needs to be asked on the county-based chart is whether or not a project is in a rural area. **NN**

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Housing Priorities Stripped from Key Legislation

Advocates were hopeful that several key housing priorities would become law as part of the American Workers, State, and Business Relief Act of 2010 (HR 4213, a.k.a. Tax Extenders bill). The House of Representatives passed a version of the bill in late May which included:

- **The extension of the 9 percent Low Income Housing Tax Credit (LIHTC) cash exchange program to 2010 housing credits;**
- **An extension of the GO Zone LIHTC placed-in-services date through December 31, 2012 (does not include the disaster credit eligibility for the cash exchange program);**
- **$1 billion for the Housing Trust Fund;**
- **$65 million in project-based vouchers to be used in conjunction with grants from the Housing Trust Fund; and**
- **A modified version of a controversial tax known as the "carried interest" provision, which would apply to managing general partners of investment funds, real estate partnerships, etc.**

A managers' amendment offered in the Senate would have scaled back the cost of the legislation, retained the housing provisions and made GO Zone LIHTCs as eligible for the cash-exchange program. Unfortunately, after months of legislative and procedural wrangling, the Senate could not come to agreement on the cost of the bill. HR 4213 was pared down to an extension of unemployment benefits. Congress approved the unemployment extension, and President Obama signed it into law as P.L. 111-205 on July 22.

NAHMA and other concerned industry partners will seek other legislative vehicles to increase equity investment in affordable housing. NN

Many Positives, One Key Negative in HUD's New Strategic Plan

In November 2009, HUD staff invited industry members to participate in a discussion on priorities to include in HUD's Strategic Plan for FY 2010-2015. Both NAHMA staff and NAHMA members were able to provide input on HUD's strategic plan at a variety of meetings across the nation.

During these meetings, NAHMA suggested that HUD focus on:

- Providing timely, stable funding to operate and preserve HUD's multifamily portfolio
  - In order to restore industry stakeholders' confidence in HUD;
- Resolving regulatory conflicts between HUD and other affordable housing programs
  - Which will allow its programs to be used more effectively with other federal, state and local housing programs and
  - Create mixed-income and mixed financing communities; and
- Ensuring transparency in HUD's policy development and procedures.

In early May, HUD released its formal Strategic Plan for FY 2010-2015. Under this strategic plan, HUD's mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all. To meet this mission, HUD has developed five goals under its FY 2010-2015 Strategic Plan:

Goal 1: Strengthen the Nation's Housing Market to Bolster the Economy and Protect Consumers;

Goal 2: Meet the Need for Quality Affordable Rental Homes;

Goal 3: Utilize Housing as a Platform for Improving Quality of Life;

Goal 4: Build Inclusive and Sustainable Communities Free From Discrimination; and

Goal 5: Transform the Way HUD Does Business.

NAHMA's strategic plan suggestions and several of its recommendations from NAHMA's top 10 regulatory priorities for 2009 have been included in HUD's FY 2010-2015 Strategic Plan. However, not all of them were incorporated in the form NAHMA envisioned.

For details on how HUD proposes implementing its strategic plan, see the *NAHMAnalysis* at www.nahma.org.

NEW ADMINISTRATION FOCUS FOR STRATEGIC PLAN

The FY 2010-2015 Strategic Plan by the Obama Administration represents a significant shift in policy from the Bush Administration and its FY 2006-2011 Strategic Plan. That mission focused on increasing homeownership, advancing community development and increasing access to affordable housing free from discrimination. The Obama Administration's mission is focused on creating communities and quality, affordable housing, regardless of homeownership or renter status.

The main tenet of the FY 2006-2011 Strategic Plan revolved around increasing homeownership and helping HUD-assisted renters become homeowners. However, the FY 2010-2015 Strategic Plan focuses on creating educated and sustainable homeownership where owners understand the personal and financial commitments of owning a property and have the means to afford their properties for as long as they own their homes. It also seeks to reduce the high foreclosure rates caused by the housing crisis that began in 2008.

HUD under the Bush Administration focused on promoting decent affordable housing, which included promoting housing self-sufficiency for low-income individuals and increasing housing opportunities for special needs and the elderly. It also focused on improving the physical quality of the affordable housing stock and promoted reforming public housing and the housing choice voucher program.

HUD under the Obama Administration, however, has chosen to focus on meeting the need for affordable housing in the nation, which includes preserving existing housing, increasing the number of affordable housing units and promoting resident choice. Its Strategic Plan also emphasizes HUD's proposed Transforming Rental Assistance (TRA) Initiative to help meet its goals, some of which are in line with reforming the public housing and housing choice voucher programs in the Bush Administration's plan.

> The current strategic plan does continue HUD's focus on past goals, which include improving economic security and self-sufficiency, facilitating disaster preparedness and ending homelessness.

The FY 2006-2011 Strategic Plan sought to strengthen communities through assisting GO Zone disaster recovery, expanding economic opportunities to improve community sustainability, improving physical conditions of communities and quality of life, and ending homelessness by moving the homeless to permanent housing.

The FY 2010-2015 Strategic Plan seeks to use housing to improve the quality of life in communities by improving educational and health out-

HUD NEW STRATEGIC PLAN, *continued from page 13*

comes, as well as increasing supportive services and improving public safety. The current strategic plan does continue HUD's focus on past goals, which include improving economic security and self-sufficiency, facilitating disaster preparedness and ending homelessness.

Both strategic plans emphasize ensuring equal opportunity in housing and ending discrimination. The Obama Administration's Strategic Plan, however, includes a facet to improve energy-efficiency within its federally assisted housing portfolio.

Both strategic plans also focus on building programmatic and personnel capacity within HUD. They seek to improve the human capital of the organization and improve internal control to help resolve organizational conflicts, as well as increase accountability, service delivery and customer service within the organization. The Bush Administration proposed improved technology to help achieve its goals, while the Obama Administration is focusing on improving results, increasing transparency and changing the bureaucratic culture in HUD.

Finally, both strategic plans looked to increase participation in HUD programs by organizations. However, the Obama Administration opens it to both public and private organizations at the local, state and regional levels, while the Bush Administration's FY 2006-2011 Strategic Plan focuses solely on faith-based and community organizations.

POSITIVE ASPECTS OF THE NEW PLAN

NAHMA is pleased to see the Obama Administration has recognized that homeownership may not be an option for many Americans and has shifted its focus to providing affordable, sustainable housing for owners and renters, a very different approach from the Bush Administration. NAHMA is glad to see HUD is giving affordable housing the focus it deserves.

NAHMA is also pleased that HUD has incorporated NAHMA's major strategic plan requests and several of its public policy recommendations in its FY 2010-2015 Strategic Plan.

NAHMA's recommendations were included in sub-goals 2B and 2C of goal 2, meeting the need for quality affordable rental homes. Sub-goal 2B—expanding the supply of affordable rental homes where most needed—incorporated NAHMA's suggestion to streamline and coordinate the policies and practices of HUD's programs with the LIHTC program of the Treasury Department. Sub-goal 2C—preserving affordability and improving the quality of federally-assisted and private-unassisted affordable rental homes—included NAHMA's recommendation for timely, stable funding to operate and preserve HUD's multifamily portfolio.

Sub-goal 2C also included NAHMA's regulatory priority recommendation for HUD to develop interagency partnerships with Treasury and USDA to help preserve federal investments in affordable rental homes. Sub-goals 2B & 2C also included NAHMA's regulatory priority recommendation that HUD work on ways to preserve its existing affordable housing portfolio.

NAHMA's recommendation to focus on transparency in the HUD bureaucracy was included in goals 4 and 5. Sub-goal 4E seeks to build the capacity of HUD's partners to help them implement HUD's programs and participate in the decision-making and planning processes. Sub-goal 5B includes a provision that would incorporate HUD staff and customer input into policy decisions and implementation strategies.

Sub-goal 5C focuses on increasing transparency, encouraging stakeholder engagement and promoting collaboration in accordance with HUD's Open Government Plan. Sub-goal 5C also meets one of NAHMA's regulatory priority requests to simplify HUD's internal and external rules, regulations and reporting requirements to make them more efficient, effective and focused on essential information HUD needs.

NAHMA HAS CONCERNS

As part of HUD's goals in its strategic plan for FY 2010-2015, the agency is also recommending the enactment of HUD's TRA Initiative through draft legislation, PETRA, from the FY 2011 budget request (see article on page 1). While NAHMA supports the goals of streamlining rental assistance delivery, NAHMA currently opposes the draft legislation as written because its language is too vague and gives HUD the authority to make far-reaching decisions that could destabilize existing programs that work well, like project-based Section 8.

Furthermore, it does not include any incentives for project-based Section 8 properties to convert to the new assistance and offers no achievable efficiencies through the conversion.

While NAHMA is intrigued by the green building and energy efficiency movement in both HUD and Congress, there is concern that these proposals may lead to unfunded mandates on affordable housing owners and agents. NAHMA will continue to work with both HUD and Congress to ensure any green or energy-efficient changes for properties are voluntary, incentivized and/or paid for by the government.

NAHMA supports the strengthening of supportive services for vulnerable populations; however, NAHMA is disappointed that HUD has prioritized its resources to increase supportive services over the construction of new units for the Section 202 and 811 programs. The elderly and special needs populations' demand for affordable housing is growing at a quick rate.

Although NAHMA supports the general concepts of consolidating and streamlining HUD programs, HUD's current PETRA proposal—which incorporates its Transformation of Rental Assistance (TRA) initiative—gives NAHMA pause over HUD's approach. NAHMA is concerned that the Department is relying on a controversial proposal as the linchpin of its strategic plan, even though PETRA (and TRA) met with great skepticism from Congress, the public housing and multifamily communities, and tenants' organizations. While such proposals may be well-intentioned, the potential for negative impacts on the affordable housing industry far outweigh any benefit.

Furthermore, NAHMA is concerned that refining the budget structure may lead to the reduction or elimination of item spending for programs. HUD has already attempted to consolidate line-item funding for limited English proficiency (LEP) in the FY 2009 and 2010 budget requests. Reducing or eliminating line item-spending decreases the resources available to a number of programs and services, like LEP, that may not otherwise be given high priority by the agency, lessening their effectiveness or eliminating the service.

NAHMA would encourage HUD to solicit and seriously consider industry stakeholder input when developing consolidation proposals in the future.

NAHMA'S POSITION BOTH POSITIVE AND NEGATIVE

NAHMA is pleased to see that its top suggestions are reflected in HUD's FY 2010-2015 Strategic Plan. These priorities will help HUD to focus on the largest problems plaguing the multifamily affordable housing portfolio. NAHMA looks forward to working with HUD over the next five years to achieve these important goals.

NAHMA opposes the PETRA legislation, which includes the TRA initiative. NAHMA is extremely concerned by the manner in which HUD has been pushing this proposal forward in recent months. There are too many questions regarding the actual operation of the program. Furthermore, giving HUD the ability to expand the conversion program to other federally assisted programs like Section 8 could destabilize their operation in the market place. NAHMA strongly urges HUD to focus on recapitalizing public housing in consultation with its PHA industry partners. Likewise, HUD should support preserving the RAP, Rent Supp and Mod Rehab units by allowing them to convert to the current project-based Section 8 program. **NN**

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NAHMA's First Vanguard Award Winners

On June 7, NAHMA announced the winners of its first annual Affordable Housing Vanguard Awards, which were created to recognize newly developed affordable multifamily housing communities that showcase quality design and financing through their development.

The Vanguard Awards celebrate success in the multifamily affordable housing industry by recognizing and benchmarking new, quality, multifamily affordable housing development. The award—

- Pays tribute to developers of high-quality affordable housing;
- Demonstrates that exceptional new affordable housing is available across the country, and that it is a positive addition to any neighborhood;
- Demonstrates that the affordable multifamily industry must be creative and innovative to create exceptional properties given the financing and other challenges to development;
- Highlights results of private-public partnerships required to develop today's affordable housing;
- Shares ideas for unique design and financing mechanisms with industry practitioners to further stimulate creative development in the affordable multifamily industry.

A brief summary of the award-winning developments follows.

And the winners are...

There are five winners in the four categories of Vanguard Awards (details follow and can also be found on NAHMA's website at www.nahma.org/content/vanguard.html).

VANGUARD AWARD FOR NEW CONSTRUCTION
Small Property (under 100 units): Gratiot Woods Co-op, Detroit, MI
Large Property (over 100 units): The Terraces on Tulane, New Orleans, LA

VANGUARD AWARD FOR MAJOR REHABILITATION OF AN EXISTING RENTAL HOUSING COMMUNITY
Viewpoint Senior Apartments, Sandusky, OH

VANGUARD AWARD FOR MAJOR REHABILITATION OF A NON-HOUSING STRUCTURE INTO AFFORDABLE RENTAL HOUSING:
Loft 27, Lowell, MA

VANGUARD AWARD FOR MAJOR REHABILITATION OF A HISTORIC STRUCTURE INTO AFFORDABLE RENTAL HOUSING:
The Hollander Foundation Center, Hartford, CT

The judges of this year's Vanguard Awards were NAHMA owner/developer members from across the country. They included Jim McGrath, President, PRD Management, Pennsauken, NJ; Raquel Guglielmetti, Executive Vice President, Northwest Real Estate Capital Corp., Boise, ID; and Carole Glodney, President, G&K Management Co., Culver City, CA.

Gratiot Woods Co-op—Vanguard Award for New Construction

GRATIOT WOODS CO-OP was built by CSI Support and Development Services of Warren, MI, in partnership with the Detroit Catholic Pastoral Alliance and the City of Detroit. The 62-unit Gratiot Woods Co-op is a beautiful new anchor in a long-neglected but struggling-to-revitalize neighborhood. The project was funded through more than $6.4 million in HUD Section 202 funds, a $400,000 HUD predevelopment grant, and a $60,000 grant from the United Way to increase energy efficiency. Building Gratiot Woods required securing 23 parcels of land, vacating and closing a city street and two public alleys and removing lead and arsenic from the soil. The project—begun in 2007—was well managed, completed on time and came in about $40,000 under budget. It has

The Terraces onTulane—Vanguard Award for New Construction

been fully occupied since its opening in June 2008. Gratiot Woods is affordable to very low income seniors, thanks in part to a Project Rental Assistance Contract (PRAC) through HUD. It includes many safety and lifestyle-enhancing features important for seniors. Gratiot Woods Co-op is owned and managed by the Gratiot Woods Non-Profit Housing Corporation. Meeting the goals of this project while maintaining an extremely tight budget created a building that an entire community is proud of and a project worthy of a 2010 Affordable Housing Vanguard Award.

THE TERRACES ON TULANE

When Hurricane Katrina devastated numerous affordable housing units in New Orleans, one of those destroyed was Forest Towers East, a 200-unit, Section 202 property located in East New Orleans. Volunteers of America (VOA), which owned this property along with 29 others that were damaged, replaced Forest Towers East with The Terraces on Tulane, a $43 million structure also with 200 apartments for seniors. All of the residents of Forest Towers East were evacuated safely and subsequently tracked by VOA during the post-hurricane aftermath. Eighty-four of the original residents of Forest Towers East will move back into The Terraces on Tulane. The new community is a beautiful high-rise in the Mid-City neighborhood. It is a transit-oriented development that has immediate access to neighborhood amenities, including medical services, grocery stores, and entertainment. There were major financing and other challenges for the project's completion, but the end result is service-enriched housing for low-income seniors that enables them to live as independently as they are able and to age in place.

VIEWPOINT SENIOR APARTMENTS,

owned and managed by National Church Residences of Columbus, OH, is an affordable senior housing property whose original building was constructed in 1967. Its project goals were to preserve the property as affordable Section 8 housing; to address capital and rehab needs; and to improve the marketability, function and appearance while optimizing energy efficiency and improving overall liveability. Among the challenges facing this project were getting approvals to reduce the number of units from 153 to 117; finding adequate sources of financing the $13 million renovation; relocating residents during construction; and reconfiguring the units for residents' maximum comfort. Among the design features were removing existing walls to enlarge once-partitioned, small rooms, creating socialization areas that are open and inviting, and improving mobility, functionality and aesthetics. Design elements employ green building

Viewpoint Senior Apartments—Vanguard Award for Major Rehabilitation of Existing Rental Housing Community

strategies while lowering operating costs and maintenance needs. The result is a clean, contemporary, highly visible high-rise that is now a landmark structure on the edge of Lake Erie.

LOFT 27 is a workforce housing community in an early 1900's mill building along a working canal in Lowell, Massachusetts.

It is the quintessential "Smart Growth" rehabilitation of a National Historic Landmark. WinnDevelopment acquired the project in 2006 when it was a partially constructed, failed condominium. Challenges included construction delays, financing and lack of common area amenities. In particular, Loft 27 had significant amounts of interior space that could not be used for housing. While some applications were obvious (storage and maintenance shop), the Winn team identified amenities to greatly enhance the resident experience and activate these blocks of space in excess of 5000 sf per floor. Two spaces are now designated *The Warehouse* and *The Gallery*. *The Warehouse* features a stunning color scheme, striking architectural detail, stylized yet comfortable furnishings, a fitness hub and a state-of-the-art media

Loft 27—Vanguard Award for Major Rehabilitation of a Non-Housing Structure into Affordable Rental Housing

center. The beautifully-lit *Gallery* exhibits artwork by local talent in a café setting. Loft 27's SoHo style lofts incorporate historical elements in 173 apartments averaging 1,600 square feet which allow for plentiful closet space, open kitchens and large windows offering views of the canal and downtown. High ceilings, hardwood floors, ceiling fans, HD cable TV and high-speed internet access complete each apartment home.

HOLLANDER FOUNDATION CENTER

The Betty Ruth & Milton B. Hollander Foundation Center is a neo-classical structure formerly known as The Capitol Building. Built in 1926, it was donated to its current owners (Common Ground of New York, NY) after sitting vacant for 10 years. Restoring this building to its original grandeur has contributed a great deal to the revitalization of downtown Hartford, CT. Challenges to converting this building to affordable multifamily housing included that the project had no existing plumbing, electrical or HVAC systems. The development team worked carefully to adhere to the owners' vision for the development to be a sustainable green building. Also, because the Hollander Building is on the Registry of Historic Buildings, the developers had to make certain that all of the modern systems and conveniences could be installed without disrupting the historic features. WinnResidential started working with Common Ground on the project in May 2009. As the last phase of residential development was taking place, the management team started marketing the property and aligning operations, and the building was leased up in early 2010. The Hollander Foundation Center is the first affordable housing for families in downtown Hartford, the first LEED-certified, mixed-use building in Connecticut, the first LEED certified multifamily residential building in Connecticut, the first LEED certified building utilizing Historic Tax Credits in Connecticut, and has the first green roof in Hartford. **NN**

Hollander Foundation Center—Vanguard Award for Major Rehabilitation of a Historic Structure into Affordable Rental Housing

Coinciding NAHMA's Summer Meeting with NAA's Is a Great Success

1

IN AN EXPANSIVE BREAK FROM TRADITION, NAHMA this year co-located its summer meeting with the National Apartment Association's Education Conference & Exposition. The NAHMA meeting, which focused on public policy issues, was held on Wednesday, June 23, and the NAA conference & expo was held over the next three days.


2

The conjunction of these two events comprised the largest multifamily housing educational event ever. With an estimated 5,000 attendees, the NAA Conference & Expo provided a unique opportunity for NAHMA members to enlarge people's understanding of the professionalism that is abundant in the affordable housing arena. This became clear during the four sessions in which NAHMA was a presenter. These included ones on *Key Updates on HUD Affordable Housing Programs*, *Top Ten Tips for Competing in the Post-Recovery Low Income Housing Tax Credit Program*, *Preservation Tools for Aging Affordable Housing* and *REAC Experts' Roundtable*. **NN**

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3

1. David Smith, ReCap Real Estate Advisors, presents at NAHMA's preservation strategies session offered during the NAA conference.

2. Conference participants attended numerous informative sessions.

3. NAHMA hosted a lively welcoming reception at the legendary House of Blues in New Orleans. The Dueling Pianos entertained the crowd of some 500 attendees for four hours.

Art Contest Winners Became Superstars

For the 24th year, NAHMA held its annual art/calendar contest, with the traditional "AHMA Drug-Free Kid" focus reinforced with a theme of "I Can Do Anything I Believe" and a sub-theme of "Become a Superstar."

Thousands of children and elderly or special needs residents nationwide who live in affordable homes owned or operated by a member of NAHMA and/or a local Affordable Housing Management Association (AHMA) participated in the contest.

This year's grand-prize winner is Sarah Tucker, a 12th grader who lives in the Council Groves Apartments in Missoula, Montana. Her entry was submitted by Rocky AHMA, and her artwork will grace the cover of NAHMA's 2011 calendar. She will also receive a $2,500 check for educational expenses from the NAHMA Educational Foundation, which will be presented to her in Washington, D.C. at NAHMA's fall meeting, October 24-26, 2010.

In addition to Tucker's cover art, 13 additional winners will have their work displayed on the inside pages of the 2011 calendar. Each of these winners will receive a $1,000 check for educational expenses from the Foundation. Seniors who win will receive cash awards made in the name of their community for use in purchasing a gift that will benefit all of the community's residents (e.g., books for the library, appliances for a community room, etc.). These winners will also appear in the 2011 calendar.

Artwork that earned an honorable mention will be featured in a special section of the calendar.

GRAND-PRIZE WINNER:

Sarah Tucker, Grade 12, Council Groves Apartments, Missoula, MT, Rocky AHMA, Tamarack Property Management, Co.

WINNERS:

Jonathan Tucker, Grade 11, Council Groves Apartments, Missoula, MT, Rocky AHMA, Tamarack Property Management, Co.

Pat McTee, Elderly/Special Needs, St. George's Court, Austin, TX, Southwest AHMA, Alpha Barnes Real Estate Services

Ezekiel Martinez, Grade 3, Glenoaks Townhomes, Sylmar, CA, AHMA-PSW, Alcole Properties

Vivian Lee, Grade 9, Kukui Tower, Honolulu, HI, AHMA-NCNH, EAH Housing

Jodie Miu, Grade 9, Kukui Tower, Honolulu, HI, AHMA-NCNH, EAH Housing

Nasir Jordan, Grade 1, Winteringham Village, Toms River, NJ, JAHMA, Interstate Realty Management

Kassilie Yang, Grade 1, Village Park Apartments, Sacramento, CA,

NAHMA Educational Foundation Awards 34 Scholarships

THE SCHOLARSHIP COMMITTEE OF THE NAHMA EDUCATIONAL Foundation recently selected 34 individuals from among 40 completed applications to become this year's scholarship awardees. More than 120 applications had to be rejected because they were incomplete.

The grant recipients either are attending or will attend a wide variety of schools including Troy University (AL), Syracuse University (NY), University of Wisconsin-Oshkosh, Averett University (VA), Bishop State Community College (AL), College of New Rochelle (NY), Texas A&M, Union College, Barbourville, KY, Lawson State Community College (AL), Sam Houston State University (TX), Palomar Community College (CA), University of the Virgin Islands, Rutgers University (NJ), Community College of Rhode Island, Santa Fe College (FL), Temple University (PA), Tarrent County Community College (TX), University of Delaware, University of Louisville, University of Connecticut-Storrs, Boston University, University of New Hampshire-Durham, Ramapo College of New Jersey, Ocean County College (NJ), Worcester Polytechnic Institute (MA) and Massachusetts College of Liberal Arts, among others.

The clear preponderance of those selected had grade point averages above a 3.0 on a 4.0 scale. Students ranged from entering college freshman to graduate-level students, and virtually all had impressive co-curricular backgrounds. Many of the selected applicants were already working part-time and/or volunteering in their chosen field of study.

Recipients from 17 states were selected. This year's winners live in apartment communities managed by 19 different management companies that are members of nine different AHMAs.

Since the scholarship's inception four years ago, the Foundation has awarded $145,000 to 149 recipients.

The Foundation extends congratulations to all recipients for their outstanding academic performance and their commitment to being involved in their schools and communities.

The NAHMA Educational Foundation encourages support from businesses, families, trusts and individuals as it looks to continue this worthwhile program. Anyone wanting more information about the scholarship program can contact Dr. Bruce W. Johnson, Scholarship Program Administrator, at bwjec@comacast.net or at 215-262-4230.

AHMA-NCNH, Mercy Housing, Inc.

Maureen Salgado, Grade 6, Laredo Manor Apartments, Laredo, TX, SWAHMA, Wedge Management

Kenneth Amoah, Grade 4, Stratton Hill Park, Worcester, MA, NEAHMA, Corcoran Management

Daria Francis Burke, Grade 8, MacGregor Village Apartments, Greenville, NC, SAHMA, Community Management Corp.

Kymberli Daria Burke, Grade 11, MacGregor Village Apartments, Greenville, NC, SAHMA, Community Management Corp.

Ramon Espinosa Vega, Elderly/Special Needs, La Posada Apartments, Los Angeles, CA, AHMA PSW, Falkenberg/Gilliam & Associates

Alyann Perla Burke, Grade 6, MacGregor Village Apartments, Greenville, NC, SAHMA, Community Management Corp.

HONORABLE MENTIONS:

Virginia Cashner, Elderly/Special Needs, Century Village, Lewisburg, PA, PennDel AHMA, ME Management

Courtney Matteson, Grade 4, Wilmington Village Square, Wilmington, OH, MAHMA, Showe Management

Jazmin Moreno, Grade 7, Fawn Ridge Apartments, The Woodlands, TX, AHMA East Texas, Summit Housing Partners

Abigail Hoffman, Elderly/Special Needs, Lafayette Square, Williamsburg, VA, Mid-Atlantic AHMA, Community Housing Partners. NN

HUD HAS RELEASED A REVISED CHAPTER 9 FOR THE 4350.1 Multifamily Asset Management and Project Servicing Handbook. According to HUD, "This change to HUD Handbook 4350.1, REV-1, Chapter 9, Monitoring Civil Rights Statutes, Regulations and Program Requirements, provides current guidance for conducting civil rights front-end and limited on-site monitoring reviews. Civil rights front-end monitoring reviews are used to evaluate and monitor owner/agent compliance with fair housing and civil rights nondiscrimination requirements in multifamily housing projects. Compliance with the revised Chapter 9 should assist HUD's Office of Fair Housing and Equal Opportunity with identifying current or potential civil rights violations and correcting deficiencies." NAHMA will review this chapter in consultation with its Fair Housing, Contract Administration and Regulatory Affairs Committees. For more information, please go to HUD's Multifamily Asset Management and Project Servicing web page at www.hud.gov/offices/adm/hudclips/handbooks/hsgh/4350.1/.

SMALL AREA FMR DEMONSTRATION PROGRAM

ON MAY 18, HUD ANNOUNCED A SMALL Area FMR demonstration program. In late 2010, the Census Bureau will release five-year aggregations of American Community Survey data for the areas with populations below 20,000, which will enable HUD to update FMR estimates in smaller geographic areas. HUD intends to use this data to establish small area FMRs for metropolitan areas, based on ZIP Codes with sufficient rental units. To determine how best to implement such a program, HUD will operate small area FMR demonstration projects for the Housing Choice Voucher program.

Small area FMRs will alter some responsibilities of Public Housing Authorities that administer housing voucher programs, but the net effects are unclear. For example, small area FMRs may require less time to determine whether rents are reasonable. While the requirement to determine rent reasonableness based on the condition and characteristics of individual units will remain, less comparative data may be needed, since local area baseline rents will largely be embedded in the small area FMR. Small area FMRs will also increase the number of payment standards used in a metropolitan area. HUD expects that small area FMRs will provide Section 8 tenants with greater ability to move into opportunity areas, where jobs, transportation and educational opportunities exist and prevent undue subsidy in lower-rent areas.

A notice announcing HUD's intention to administer the small area FMR demonstration program also solicits comments on certain aspects of the procedures for developing small area FMRs and on elements of the structure of the demonstration program. A system for looking up FY 2010 Equivalent Small Area Rents is available at www.huduser.org/portal/datasets/fmr/fmrs/index_sa.html.

HUD NEWS

HUD RECENTLY RELEASED FY 2010 MEDIAN FAMILY INCOME ESTIMATES AND FY2010 INCOME LIMITS. Final Notice on Ending the "Hold-Harmless" Policy in Calculating Section 8 Income Limits Under the United States Housing Act of 1937 can be found at http://edocket.access.gpo.gov/2010/pdf/2010-11638.pdf.

HUD HAS ISSUED NOTICE PIH 2010-18 (HA), which revises and supersedes certain guidance regarding rent reasonableness requirements in the Housing Choice Voucher (HCV) program. According to HUD, "This Notice expressly provides that the definition of "assisted unit" includes certain units where the rent and rent increases are restricted by law or court action." In addition, this Notice supersedes HUD Notice PIH 2009-51 with regard to rent reasonableness determinations for units in properties undergoing Housing Conversion Actions. For more information, please visit HUD's website and search for *Revision to HUD Notice PIH 2009-51 PHA Determinations of Rent Reasonableness in the Housing Choice Voucher (HCV) Program—Comparable Unassisted Units in the Premises*.

HUD AMENDED "STEPS FOR SUBMITTING A TECHNICAL REVIEW" FOR REAC, which became effective May 1, 2010. The appeal must include objective and verifiable documentation that a deficiency was recorded in error. These could be dated pictures or video, signed and dated written material from an objective source such as a local fire marshal or building code official, or similar evidence. Written documentation, other than from the fire marshal or local code official, must be signed by a relevant licensed professional and include his or her license number. For a copy of the amendments, go to www.nahma.org/member/hud.html. NAHMA is currently requesting additional clarification from REAC in regards to appropriate documentation for appeals adjustments. **NN**

Changing the Perception of Insuring Affordable Housing

AL SHAPIRO GRADUATED IN 1976 from Colby College and after working in banking for a couple of years received a Masters in Economics from the University of Connecticut. He had a job lined up at NASA as a project manager, but the recession of 1981 hit, and that job dematerialized.

Shapiro ended up in the insurance industry "by the luck of the draw" where he worked as a commercial underwriter for nine years and then, in 1991, began working as an insurance consultant.

An insurance consultant is unique in that he or she does not sell insurance and is completely independent of any insurance company or broker. Compensation comes from their clients and "We only provide expert advice," he noted. "Brokers and insurance companies operate in their own interests – not always yours. The company I work for (he is a senior consultant with Albert Risk Management Consultants) has been in existence since 1968 and is one of the largest insurance consultancies in the country. We have 30 consultants who are insurance experts in housing, education, the public sector, manufacturing, retail and other fields."

"Serving clients is the easy part," Shapiro said. "We usually save our clients money, but almost always obtain better coverage terms. Nothing we do is just business as usual.

"I find that most people don't want to get involved with insurance as it uses a language that can be incomprehensible to the uninitiated. The challenge is making clients aware that taking advantage of our expertise would be well worth their while."

UNDERWRITING BACKGROUND HELPS

When Shapiro started out with a large insurance company, he learned about underwriters' biases against affordable housing. "The first thing an underwriter will ask is 'how much Section 8 do they have?' They have no idea what that means, but they have to ask the question. They don't know that there are more underwriting controls on subsidized housing than there are on most market rate properties."

In the course of Shapiro's practice as an insurance consultant, he has worked with a number of affordable housing clients, some of them NAHMA members. About six years ago he got hooked by creating an insurance program for NeighborWorks America's multifamily network members. That program has been up and running ever since and has improved the quality of coverage for its nonprofit members and saved them many millions of dollars in premiums.

Shapiro joined NAHMA as an affiliate member five years ago and "has been as involved as an affiliate can be," he said. He has spoken at NAHMA meetings and NEAHMA training sessions, helped write NAHMA's risk management book, is a columnist for one of its publications, *NAHPUpdate*, and in general has found his involvement in affordable housing to be a very rewarding aspect of his career.

Shapiro is recognized as the affordable housing specialist in his company, and his "professional mission" has been to convince the insurance industry and its underwriters that affordable multifamily properties represent a better-than-average risk.

For example, "The whole area of resident services is misunderstood in the industry," Shapiro said. "At first glance, most resident services are negatives to an insurance underwriter, when actually they make the community a better place to live. Say you have a computer learning center overseen by adults, or day trips for children. These can appear to add a new element of risk, but they also help tenants be proud of and enjoy where they live, and tends to create more of a partnership with the owner." This can, for instance, inspire residents to report deficiencies in a property so that people don't get hurt.

INSURANCE AT WORK AND PLAY

When he's not working or speaking to various affordable housing advocacy groups, such as LISC, CHAM, NAHMA and the local AHMA, Shapiro enjoys running the girls' recreational softball league and an adult co-ed softball league in his home town of Needham, Mass. But even in his off hours, Shapiro manages to weave insurance into his activities, serving, for example, as chairman of Needham's insurance advisory committee. He also writes for a number of industry publications.

"Making sure affordable multifamily housing complexes have the insurance they really need at a reasonable price is very important to me," he said. "I'm really happy to have devoted so much of my time to the cause these past 20 years." **NN**

AHMA East Texas Benefits from Experienced Care

CHARLOTTE MOTLEY'S FIRST JOB as an assistant and then as an administrator at the Goldberg B'nai B'rith Towers in Houston came about because she was "at the right place at the right time." She and her husband had just sold a business, and with four teenagers in the house, she needed to work. With on-the-job training (and additional training through AHMA East Texas, for which she is now president), Motley has successfully managed this property for 360-plus elderly and disabled residents for 22 years.

What she loves about her job is getting to help so many people. "Growing up, I shared a room with one of my grandmothers, so to me it's very important to take care of your elderly. I think it also makes me a better grandmother" to her seven grandchildren.

"Growing up, I shared a room with one of my grandmothers, so to me it's very important to take care of your elderly. I think it also makes me a better grandmother."

Motley oversees a staff of 10 full-time people, several part-timers, and several contractors—for janitorial and cleaning services, service coordination, social services, and geriatric nursing through a network of Jewish communal organizations that deal with the elderly.

CHALLENGES ROUTINE AND EXTRAORDINARY

What she finds challenging about her job is "finding out that somebody isn't telling you the truth." She also finds challenging assisting residents with severe depression or dementia and trying to get them to move to a different level of care.

Her greatest challenge, though, came when Hurricane Ike tore through the area in 2008. "There's no book to tell you what to do" when something like that happens, she said. Seventy-nine of the facility's 300 units had to be totally evacuated. "I spent five days here, and was mentally and physically exhausted from the whole experience, and so was my staff," she said. "It made us pay attention to what we're doing a whole lot more."

One of their social service agency partners found housing for residents of the damaged units, and Motley's biggest headache had to do with the insurance claim and resultant delays in making repairs. Motley's close relationship with those in the local HUD office helped her over one hurdle by allowing her to use some reserve funds so that contractors could return to the job after the insurer defaulted on making payments. It took an attorney to iron it all out, and "two weeks short of one year to repair the units," Motley recalled.

BRINGING SKILLS TO THE AHMA

Motley has been involved with AHMA East Texas for most of the 22 years she's been in the industry. "I started because of the training, and I don't think you ever stop needing that." She served on numerous committees and was board secretary "for a long time" and said she became board president "probably when I stepped out of the room," she said with a laugh.

AHMA East Texas just celebrated its 25th anniversary. It has grown from "about 200 members to about 600 members," Motley said. Its members include "small PRACs with out of town ownership, management companies with lots of properties and self-managed properties," she said.

To help celebrate its anniversary, AHMA East Texas is continuing its focus on training, which is its core mission, and has also expanded its scholarship program. With funds from members, supporters like its contract administrator (Southwest Housing Compliance Corporation) and others, the AHMA is making scholarships available to residents, residents' family members and staff members of AHMA member companies. Since 2003, the AHMA has provided more than $150,000 in scholarships, and this year will distribute $37,500 to 14 deserving recipients.

FOCUS ON FAMILY

Recently widowed, Motley lives five minutes away from some of her children and only a couple hours away from the others, and she makes family a priority. For instance, she takes each of her seven grandchildren to Washington, D.C. as a birthday gift when they turn 10. "I think it's an important part of America for them to see," she said.

Motley is not sure "what the next portion of my life will be" once she retires—which everyone at Goldberg B'Nai B'Rith Towers and AHMA East Texas certainly hope is not anytime soon. **NN**

EDUCATION CALENDAR

For information on specific classes being offered, please contact the AHMA or organization directly.

All dates and locations are subject to change. For the most up-to-date listings, visit the NAHMA website at www.nahma.org/content/mem_calendar.html.

SEPTEMBER

7–8
SHCM 1 1/2 Day Prep
SHCM Exam
RI
Julie Kelliher, NEAHMA
(781) 380-4344

9
Industry Changes/Hot Issues
MA
Julie Kelliher, NEAHMA
(781) 380-4344

9–10
JAHMA-PennDel AHMA Tax Credit Course and SHCM Exam
Mt. Laurel, NJ
JoAnn McKay, JAHMA
(856) 786-9590

14
REAC
Birmingham, AL
Betsy Smith, SAHMA
(800) 745-4088

14–15
SHCM 1 1/2 Day Prep SHCM Exam
North Shore, MA
Julie Kelliher, NEAHMA
(781) 380-4344

15
Advanced EIV
Greensboro, NC
Betsy Smith, SAHMA
(800) 745-4088

Top Ten Mistakes Everyone Makes Concerning REAC
Grand Rapids, MI
Audra Garrison, MAHMA
(888) 242-9472

16
Legal Update
TX
Michael Alexander, AHMA ET
(713) 988-4426

16–17
AHMA NCNH Annual Conference
Santa Clara, CA
Paul Cummings, AHMA NCNH
(510) 452-2462

21
FHC
Jackson, MS
Betsy Smith, SAHMA
(800) 745-4088

22
Allowances and Deductions 101/201
Worcester, MA
Julie Kelliher, NEAHMA
(781) 380-4344

23
FHC
Atlanta, GA
Betsy Smith, SAHMA
(800) 745-4088

24
NAHP of the Year Submissions Due to NEAHMA
MA
Julie Kelliher, NEAHMA
(781) 380-4344

28
Disaster Preparedness for Managers
CA
Paul Cummings, AHMA NCNH
(510) 452-2462

OCTOBER

4–5
Regional Affordable Housing Conference
Toledo, OH
Audra Garrison, MAHMA
(888) 242-9472

5–6
LIHTC Training and SHCM Exam
Grand Rapids, MI
Audra Garrison, MAHMA
(888) 242-9472

6
Determining Income 101/201
Worcester, MA
Julie Kelliher, NEAHMA
(781) 380-4344

8
504 Coordinator
Atlanta, GA
Betsy Smith, SAHMA
(800) 745-4088

12–13
SHCM 1 1/2 Day Prep SHCM Exam
Springfield, MA
Julie Kelliher, NEAHMA
(781) 380-4344

12–13
LIHTC Training and SHCM Exam
Sacramento, CA
Paul Cummings, AHMA NCNH
(510) 452-2462

13–14
PennDel AHMA Fall Conference and Expo
Lancaster, PA
Gerri Aman, Penn-Del AHMA
(856) 786-2183

14-15
Fall Conference
PA
Chuck Scalise, PAHMA
cscalise@hands-erie.org

18–20
Certified Professional of Occupancy
(CPO)
Nashville, TN
Betsy Smith, SAHMA
(800) 745-4088

21
Occupancy Class V
TX
Michael Alexander, AHMA ET
(713) 988-4426

21–22
LIHTC Training and SHCM Exam
Nashville, TN
Betsy Smith, SAHMA
(800) 745-4088

24–26
NAHMA Fall Meeting
Washington, DC
NAHMA
(703) 683-8630, ext. 12

27–29
Certified Professional of Occupancy
(CPO)
Trevose, PA
Gerri Aman, Penn-Del AHMA
(856) 786-2183

28
NEAHMA Annual Conference & Trade Show
MA
Julie Kelliher, NEAHMA
(781) 380-4344

NOVEMBER

8–10
Certified Professional of Occupancy
(CPO)
Concord, CA
Paul Cummings, AHMA NCNH
(510) 452-2462

Certified Professional of Occupancy
(CPO)
Greensboro, NC
Betsy Smith, SAHMA
(800) 745-4088

9
Senior Level Tax Credit CEU Workshop
Boston, MA
Julie Kelliher, NEAHMA
(781) 380-4344

11
Fair Housing Course
(FHC)
North Shore, MA
Julie Kelliher, NEAHMA
(781) 380-4344

11–12
LIHTC Training and SHCM Exam
Greensboro, NC
Betsy Smith, SAHMA
(800) 745-4088

16
RI Monthly Meeting
RI
Julie Kelliher, NEAHMA
(781) 380-4344

17
MA Monthly Meeting
MA
Julie Kelliher, NEAHMA
(781) 380-4344

18
CT Monthly Meeting
CT
Julie Kelliher, NEAHMA
(781) 380-4344

Green Property Management
TX
Michael Alexander, AHMA ET
(713) 957-4430

NAHMANews
National Affordable Housing Management Association
400 North Columbus Street, Suite 203
Alexandria, VA 22314
www.NAHMA.org

Special thanks to our members and AHMAs who have supported our mission over the past 20 years

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword BY DAN MURRAY, NAHP-e

Summer Conference Raised NAHMA's Stature

THIS YEAR'S SUMMER CONFERENCE was a grand experiment when we co-located our event with that of the National Apartment Association's Annual Conference & Expo. Held in New Orleans, it was a rousing success!

Our exclusive portion of the event began on Wednesday, June 23rd. We concluded the necessary business of committee meetings, an executive council meeting and federal affairs forums with a fabulous outing at the famed House of Blues. About 600 people—NAHMA members, affiliates, vendors and new NAA friends—had a great time savoring some of the best New Orleans has to offer. Plans are already in place for a similar party next summer when NAHMA will repeat the co-location experience with NAA, this time in Las Vegas.

What can I say? One good party deserves another!

NAHMA's participation in the NAA conference was also very successful. We were major presenters at four sessions, and all were filled to capacity. There was a lot of interaction with presenters and among participants. The feedback I got while there was very positive, both from NAHMA members and NAA members, with many people looking at us with great interest and thinking of joining.

The NAA trade show, which is the largest multifamily exposition in the industry, also gave our members new products to consider and new vendors who could potentially be of assistance.

NAHMA took full advantage of the opportunity to show where we fit in the industry—the leading role we play in promoting high-quality affordable housing development, ownership and management; in educating legislators and staff on the Hill; in working with HUD and other federal agencies; and in promoting Communities of Quality® where lower-income, elderly and/or disabled residents are proud to call home.

I believe we altered forever a stereotypical view many people still had about affordable housing and its place in the multifamily community. I'm really happy we could interact with so many new people and potential members. My sense is that next year will be even better, because we will be able to benefit from this first year's experience.

So put it on your calendars now: NAHMA's summer 2011 meeting in Las Vegas, June 22-25. This does not mean you want to miss our upcoming fall meeting—far from it. On October 24-26 in Washington, D.C., we'll be exploring everything new (and sometimes not-so-new, and often puzzling) federal regulations. You'll also have a chance to talk to your legislators and their staffs about the need for affordable housing and the common-sense solutions to regulatory problems that NAHMA and other industry groups come up with.

A great deal of planning goes into these meetings, by NAHMA staff, board members and others. You will never regret coming to one of these meetings and, whether you realize it or not, you have a great deal to offer to your peers. I look forward to seeing you at NAHMA meetings this fall and beyond! **NN**

Dan Murray is President of Corcoran Jennison, Inc. and President of NAHMA.