NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

May June 2010

NAHMANews

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

COMMUNITIES OF QUALITY

NAHMA Seeks Changes in Preservation Bill

On March 17, 2010, House Financial Services Committee Chairman Barney Frank introduced HR 4868, the Housing Preservation and Tenant Protection Act. While NAHMA strongly supports the **goal** of preserving the affordable housing stock, NAHMA cannot support HR 4868 as introduced and is asking its members to contact their Congressional representatives to inform them of these concerns.

HR 4868 contains five sections that NAHMA believes will drive away equity investment, infringe on owners' property rights, inappropriately inject HUD into landlord-tenant law, and require HUD to release owners' personal and proprietary information.

NAHMA'S POSITIONS

The sections of the proposed legislation that NAHMA opposes include:

Section 107—the Federal First Right of Refusal. This gives HUD or HUD's assignee the right to purchase assisted properties before third-party buyers can. NAHMA feels strongly that this violates owners' property rights and existing contracts rights. Also, the lengthy negotiation process is likely to drive away potential third-party buyers and equity providers and jeopardize transactions with low-income housing tax credits.

Section 108—Amending the Low-Income Housing Preservation & Resident Homeownership Act. This allows state and local preservation laws to pre-empt federal law but does not specify which state and local laws will pre-empt federal law.

continued on page 4

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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.

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BY KRIS COOK, CAE

Affordable Convenes with Conventional

NAHMA'S ANNUAL SUMMER meeting is always an exciting and informative opportunity for our members to meet with and learn from their peers.

This year, in an expansive break from tradition, NAHMA is co-locating its meeting with the National Apartment Association's Education Conference & Exposition. As the article on page 24 details, the NAHMA meeting, which focuses on public policy issues, will be held on Wednesday, June 23, and the NAA Conference & Expo will be held over the next three days.

The conjunction of these two events comprises the largest multifamily housing educational event ever. It's a new step for NAHMA and an indication that the world of affordable housing and conventional housing are coming together in many ways.

NAHMA BECOMES A PRESENTER

With an estimated 5,000 attendees, the NAA Conference & Expo provides a unique opportunity for our members to enlarge people's understanding of the professionalism that is abundant in the affordable housing arena. One way this will become clear is during the four sessions that NAHMA is presenting during the larger conference. These include:

Key Updates on HUD Affordable Housing Programs: Carol Galante, HUD Deputy Assistant Secretary for Multifamily Housing Programs, will speak about the latest updates in agency programs, and how these program changes impact your affordable housing portfolio.

Top Ten Tips for Competing in the Post-Recovery Low Income Housing Tax Credit Program: Leading industry experts Lawrence (Larry) Curtis of WinnDevelopment and George Caruso, of Edgewood Management Corp., will be joined by Vincent F. O'Donnell, Vice President, Affordable Housing Preservation Initiative, Local Initiatives Support Corporation (LISC) to discuss 10 strategies for successfully competing in the LIHTC program.

Preservation Tools for Aging Affordable Housing: More experts affiliated with NAHMA—Michelle Norris of National Church Residences; Gianna Solari of Solari Enterprises, Inc.; and David A. Smith of ReCap Real Estate Advisors will present the latest tools and programs to successfully preserve aging affordable multifamily housing.

REAC Experts' Roundtable: NAHMA Treasurer Karen Newsome of WinnResidential; David Northam of Bramblewood Estates; and President-Elect Scott Reithel of Community Housing Partners will discuss what to expect during a REAC inspection and give numerous tools and tips for getting a great score.

The NAA Conference itself will feature more than 40 education sessions led by topic experts, 300 suppliers demonstrating the latest products and services, and networking events.

NETWORKING OUTSIDE THE CLASSROOM

In addition to our forum and our presence within the larger framework of the NAA Conference, NAHMA intends to take advantage of the fun that is inherent in any trip to New Orleans. We'll be hosting an opening party on Wednesday evening (see article on page 25). **NN**

Kris Cook is Executive Director of NAHMA.

Section 302—Maintenance of Housing. This allows HUD to withhold subsidy payments and allows tenants to withhold their rent (in escrow) to enforce housing quality standards. NAHMA believes that this provision will inappropriately inject HUD into state and/or local landlord-tenant issues, generate significant additional litigation and limit the resources available to preserve housing, because owners would be subject to additional legal fees.

Section 303—Resident Enforcement of Public Housing Agency or Project Owner Agreements. This lets tenants enforce owners' housing agreements with HUD through lawsuits. Again, this section would inappropriately inject HUD into state and local landlord-tenant law, constrain both HUD and owners' ability to provide affordable housing and add litigation with no clear positive result.

Section 304—Resident Access to Building Information. This requires HUD to release documents which will disclose property owners' and managers' confidential personal, financial and proprietary information. This section erodes privacy protections for housing providers and will drive off equity investors who do not want their holdings subject to general scrutiny. (For a detailed look at issues of concern, see sidebar below.)

NAHMA does support the 60 other provisions within HR 4868, which should greatly aid HUD and owners in preserving the affordable housing portfolio. However, to move these good ideas forward and provide much-needed tools to help preserve the affordable housing portfolio, Congress must remove the five harmful provisions discussed above.

HR 4868 contains **FIVE SECTIONS** that NAHMA believes will **drive away equity** investment, **infringe** on owners' property rights, inappropriately **inject HUD** into landlord-tenant law, and require HUD to release owners' personal and **proprietary** information.

NAHMA MEMBERS URGED TO ACT

NAHMA recently sent a Grassroots Alert to all of its members asking them to contact their members of Congress and ask them to speak with Chairman Frank to request the removal of Sections 107, 108, 302, 303 and 304.

NAHMA has provided a letter template for its members to send to their Representatives. It can be found in the Grassroots Action Center at NAHMA's website, www.nahma.org. The site also provides talking points and links to Congressional offices.

NAHMA will continue to work on Capitol Hill to educate members of the committee and others about the deleterious effect these sections would have on an otherwise excellent piece of proposed legislation. **NN**

NAHMA's Positions on Section 304

SECTION 304 INFORMATION PROPOSED FOR RELEASE	NAHMA POSITION	REASON FOR OBJECTION (IF APPLICABLE)
Information identifying the legal entities that own and manage the property	No Objection	N/A
Includes identification of general partners and other principals and their other properties assisted by HUD, including previous participation certifications (with Social Security numbers redacted)	Strongly Oppose	This information is protected under the Privacy Act. In March 2007, HUD cited privacy concerns associated with previous participation certifications (also known as 2350 or APPS) information in a Privacy Impact Assessment to OMB. The certifications are transmitted to HUD through Secure Systems collected in HUD's APPS system. HUD-assisted properties are generally "single asset entities." If a potential buyer is interested in purchasing a specific property, any other properties belonging to the owner is immaterial and outside the scope of the negotiation. The 2530/APPS filings include upper-tier partnership and ownership information, as well as information on a whole firm's portfolio. Releasing this information would enable reverse engineering of the owners' and management agents' corporate structures, major investors, strengths and vulnerabilities. HUD uses this information as a risk assessment tool to ensure the health of its assisted portfolio. NAHMA members absolutely oppose its release.

NAHMA's Positions on Section 304, *continued*

SECTION 304 INFORMATION PROPOSED FOR RELEASE	NAHMA POSITION	REASON FOR OBJECTION (IF APPLICABLE)
An annual operating statement of profit & loss, and project budgets submitted to HUD	Strongly Oppose	The annual profit and loss statement, also known as the property's audited financial statement, is sent to HUD through Secure Systems and is treated as confidential. The Freedom of Information Act (FOIA) includes a statutory exemption for confidential business information. **Detailed information on a company's marketing plans, profits or costs can qualify as confidential business information**. Information may also be withheld by agencies if disclosure would be likely to impair the government's ability to obtain similar information in the future. (Emphasis added) With the expansion in the financial reporting standards, audits include a great deal of personal and proprietary information. With this information, it is possible to determine the tax status of the owners, their investment strategy and a considerable amount of other information from the statements, footnotes and certifications. In fact, one of the chief reasons to keep a corporation private is because fiscal information stays private. For the same reasons, even publicly held REITs only issue a consolidated audit, not individual portfolio audits. The SEC understands and allows this. Finally, the audits also include information about salaries, which should not be publicly released.
Subsidy contracts and regulatory agreements, use agreements or other contracts referred to in Section 303(c) of this proposed Act between owners and HUD, including correspondence **NOTE**: Sec. 303[c] includes contracts between HUD and any public housing authority for Section 8 housing assistance payments (HAPs); HUD and owners for Mark-to-Market Restructuring Commitments or renewal of Section 8 rental assistance for a project involving any action under Section 517(b) of MAHRA, or Rehabilitation Escrow Deposit Agreements for Mark-to-Market; and contracts for multifamily mortgage insurance executed between HUD and an owner/purchaser of a housing project.	Strongly Oppose	NAHMA is especially concerned about the overly broad requirement for HUD to release correspondence between HUD and owners. This mandate is actually more likely to violate the privacy rights of the property's residents, since residents are sometimes the subject of correspondence between HUD and owners. NAHMA opposes a statutory requirement for HUD to release these contracts without the owner's consent and in the absence of a bona fide purchase offer for the property. If there is a legitimate purchaser (evidenced by an offer and a deposit), the buyer and seller negotiate what documents may be accessed and under what circumstances. While this information may be shared during the buyer's due diligence period, this is subject to the owner's consent on the timing and terms of release to a buyer.
Management reviews, capital needs assessments and physical inspection reports conducted of entities identified in paragraph (1) by HUD or its contractor	Strongly Oppose	Releasing the completed management review report (Form HUD-9834) would violate residents' privacy. Contract Administrators (CAs) examine the tenants' files as part of the review. Comments on tenant files, which are identified by unit number and head of household, can list missing documentation as well as calculation of income/rent, income discrepancies and other private information such as family circumstances. The reviews also include random unit inspections. Comments in the HUD-9834 related to inspections can include information about housekeeping issues in the apartment. Similar privacy concerns apply to the REAC inspection report. Tenant housekeeping issues are noted in the inspections of individual units. REAC inspection reports are protected by restricted access in HUD's Secure Systems. Detailed information about the properties' physical condition is found in the REAC inspection reports and capital needs assessments. NAHMA opposes the mandatory release of this information by HUD. As previously discussed, buyers and sellers negotiate what information is to be shared and on what terms. Requiring HUD to release a property's capital needs assessment is contrary to standard real estate practice.
An annual statement, prepared by the Department's contract administrator for the subject property, of the balances of, and expenditures from, any replacement reserves and other escrow funds for the property.	Strongly Oppose	For many of the same reasons discussed above, NAHMA believes this information should be treated as confidential business information, which should remain private.

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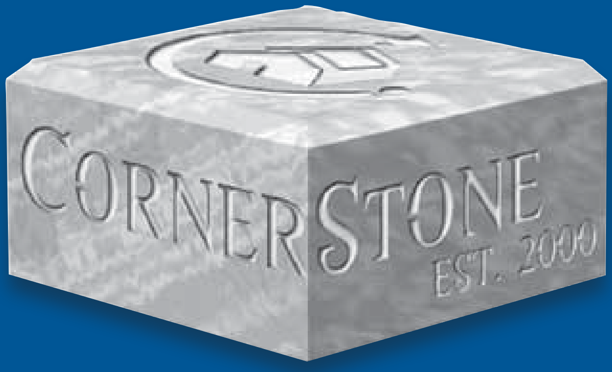

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BY MICHELLE KITCHEN

Speak Up for Housing Now

THERE IS MUCH TO BE DONE between now and the November mid-term elections. The time to speak up for affordable housing priorities is now!

Unfortunately, there is not a lot of time left on the legislative calendar to achieve our goals. It's an election year, so Congress will operate on a tight schedule so that embers can campaign. In addition to week-long "district work periods" (once known as recesses), they are also scheduled to recess for most of August through the week of Labor Day. They are also scheduled to be in recess for most of August through the week of Labor Day. Whatever business is left unfinished by the first week of October will either have to wait until a lame duck session after the elections, or it will have to be reconsidered by the new Congress in January.

WHITE HOUSE PRIORITIES WILL DOMINATE

Since the mid-term congressional elections will be treated as a referendum on the Obama Administration, White House priorities are likely to continue dominating the legislative agenda. Controversial legislation on financial regulation, immigration and possibly climate change will leave little time for other important legislation.

Money is also a problem. Deficit spending has many members of Congress worried. There is a sense that new spending or tax cuts should be offset with spending cuts or tax increases in other areas of the federal budget. The difficulty with this concept is choosing which programs to cut and whose taxes to increase. Most of the "easy" offsets were already used to pay for the healthcare legislation. This situation is complicating prospects for housing legislation that scores as increased spending or decreased revenue.

SOME POSSIBILITIES FOR AFFORDABLE HOUSING

Anything can happen to change the legislative mood between now and Election Day.

The one-year extension of the LIHTC cash exchange program (a.k.a. the Section 1602 program created in the American Recovery and Reinvestment Act) is included in the American Jobs and Closing Tax Loopholes Act of 2010 (HR 4213 a.k.a. Tax Extender's Act).

Other proposals to stimulate LIHTC investment have met with greater skepticism due to cost concerns. They face a more difficult, but certainly not impossible, challenge.

Conventional wisdom in D.C. suggests HUD and other federal agencies will be funded through one or more temporary spending bills in the first quarter of FY 2011 (October 1-December 31). The good news is that Project-based Section 8 is likely to receive full funding for the 12-month contracts. Section 202 and Section 811 programs will probably be frozen at 2010 levels, which is preferable to the massive cuts proposed in HUD's budget. Nevertheless, it would be a mistake to take this outcome for granted. We must continue to voice support for these important programs.

PULLING FOR RESOURCES AND ATTENTION

So how can we make sure affordable multifamily housing programs get the resources and attention they deserve in 2010?

Let your members of Congress know that affordable housing programs are important to you. Find out which U.S. Senators and Representatives represent the properties in your portfolio. Find out who the housing policy staff are in each office and share your concerns about affordable housing with them through e-mail and phone conversations. NAHMA's grassroots advocacy webpage, www.nahma.org/content/grassroots.html, is your source for the latest talking points on key housing policy issues.

Help your senators and representatives understand why quality rental housing should be important to them. All politics is local. When you talk with members of Congress and their staff, be sure to let them know that federally-assisted affordable properties are home to low-income families in their districts.

Direct members of Congress and their staff to the NAHMA Maps Affordable Housing Search Engine (see http://nahma.apartmentsmart.com). This resource provides visual and statistical information about the number of affordable properties in a given location or congressional district, as well as the programs which support the developments, and other helpful information. It is important to make the connections between federal programs, the affordable property and quality of life for their constituents.

As always, NAHMA staff is here to help. If you would like assistance setting up an appointment with your members of Congress, please contact Lauren Eardensohn at Lauren.Eardensohn@nahma.org. Lauren and I are also happy to help you prepare for your meetings with talking points, tips about what to expect, and the latest news about important housing priorities. **NN**

Michelle Kitchen is Director of Government Affairs for NAHMA.

BY KATHERINE DELMONICO

Disruption of the LIHTC

AS THE LOW INCOME HOUSING Tax Credit (LIHTC) program had been vital to the success of the Council for Affordable and Rural Housing (CARH) members' businesses, it has clearly been difficult to see the program suffer in recent years. But with the new administration and a recovering economy, hope has been injected into the LIHTC program, spurred by a recent evaluation of the program done by Harvard University.

The study discusses the causes, responses and proposed corrections of the LIHTC program and sheds light on some of the issues that have caused recent problems.

CAUSES OF THE DISRUPTION

As the LIHTC program relied heavily on investors, usually large banks and Fannie Mae and Freddie Mac, the financial crisis of 2008 obviously negatively impacted the program. Without these types of investors, the prices of LIHTCs dropped, and there were gaps between the cost of projects and the prices of the credits. The study notes that it is important to realize that the disruption of the LIHTC program is due to the drop in investor demand and not due to the success of the program in the past.

2009 brought about some attempt for relief to those negatively impacted by the LIHTC program's woes. As part of the American Recovery and Investment Act, the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange Program (Exchange) were implemented.

The TCAP was developed to provide gap financing for projects, and the Exchange was developed to offset the drop in tax credit demand and the decrease in credit pricing. Designed to bring about temporary relief, it can be noted that these programs may not be the best plan for sustaining the LIHTC program in the long term.

EFFECTIVENESS OF ARRA PROGRAMS: TCAP AND EXCHANGE

In assessing the effectiveness of the TCAP and Exchange programs, there are several factors that must be examined. While the programs were both ambitious at their inception, states were slow to begin allocating these funds, and the real effects were not seen until the fall of 2009.

With tighter credit terms, the financial meltdown also negatively hindered these programs. More conservative lending policies as well as higher interest rates have all contributed to the gaps in funding sources. The 4 percent tax credit bracket was hit particularly hard, as even prior to the financial meltdown they were considered more difficult to market than the 9 percent tax credits, and now they are not covered under the Exchange program.

As well, TCAP is a more complex program and requires more compliance than the LIHTC and Exchange programs, as its funds are allocated from Housing and Urban Development (HUD). While Exchange and LIHTC are provisions of tax code and do not have the same restrictions, the study notes that these requirements for TCAP add delays and cost.

It is also interesting to note that the Exchange program has had the potential of forcing some investors out of the market. In markets where the demand for tax credits has plummeted, the 85 cents offered in the Exchange program may be incentivizing agencies to turn in larger shares of their unused credits and get out of the LIHTC program altogether. By relaxing passive loss rules, the LIHTC program could be positively impacted, as these rules generally favor widely held C corporations. However, the best pricing in the LIHTC program, achieved in the mid-2000s, was derived from placing regulatory pressures for community investment on large financial institutions through the Community Reinvestment Act (CRA).

LONG- AND SHORT-TERM ACTIONS

While the analysis maintains that the current programs in place may be helping, they appear to be the equivalent of placing a band aid over a gaping wound. Neither of the programs addresses the long-term issues the LIHTC program faces; therefore, the Harvard University study proposes the following, which would be actionable by creating new legislation.

Proposed Long-Term Actions:

1. Make tax credits refundable;
2. Extend the carryback to five years;
3. Accelerate the tax credit to allow investors to see greater return in a shorter period of time;
4. Improve tax treatment for selected investors;
5. Allow GSE and TARP recipients to use tax credits to offset dividend payments;
6. Broaden CRA coverage to non-bank financial institutions;
7. Give full CRA credit for investment in regional LIHTC funds;
8. Create a fluid secondary market for LIHTCs.

Proposed Short-Term Actions

1. Extend the Exchange program for 2010 and cover 4 percent credits;
2. Have the Treasury co-invest in tax credit properties;
3. Transfer ownership of troubled properties to mission-invested entities;
4. Expand the Exchange program to include disaster area credits;
5. Provide extra CRA points for permanent debt financing of LIHTC properties.

CONCLUSION

As the struggle for recovery continues, we are left with the question of how to best develop a positive strategy for strengthening the LIHTC program over both the long and short term.

According to the analysis done by Harvard University, the essential way to bring back the 2000-era investing levels in the LIHTC program is to shorten the investment horizon and restore the value of the credits to firms without any tax liability in any given year.

While the analysis stresses many points, it emphasizes the need for making LIHTCs refundable, extending the carryback period to five years or more and allowing Fannie Mae, Freddie Mac and TARP recipients to use their credits to offset dividend payments owed to the Treasury Department.

While clearly this is a complex issue, these factors must be addressed in order to restore the base of investors that the LIHTC program had several years ago.

CARH has also emphasized the necessity of the five-year carryback, as well the importance of bringing S corporations into the LIHTC program. The tax credit program suffered extreme losses during this financial crisis due to the lack of diversity among investors. By allowing Subchapter S corporations to become involved in the program, it broadens the base of possible investors, and in turn hopefully safeguards against such a crisis occurring in the future. CARH feels very strongly that achieving these changes would be vital to the future success of the LIHTC program.

CARH has been outspoken in pushing the legislative changes that must address the issues that are currently impeding the success of the LIHTC program. When the financial market crashed in October of 2008, the confidence of buyers was shaken, and with the long-term outlook of the tax credits seeming uncertain, investors are scarce in this recovery period.

By reducing or eliminating tax liability risk or creating a liquid secondary market that allows the sale of credits within the year to other firms, the LIHTC program could see a surge in investors. By allowing the sale of credits within a given year, there is a reduced risk, and extending the carryback period to five years could further entice investors.

As of now, the areas where tax credit pricing is the most depressed are the areas that will be hit the hardest in the recovery process. As we move into 2010, the Exchange program remains crucial, as large banks are still remaining cautious to move into the LIHTC sector. However, cautious optimism does remain that many projects that were held up by the lack of LIHTCs will be able to break ground in 2010. **NN**

Katherine Delmonico is Director of Marketing for CARH. This article appeared in the September/October 2009 issue of CARH News *and is used with permission of CARH.*

Announcing the 2010 NAHMA Affordable 100!

How many housing units that receive at least one form of federal subsidy are currently rented or available for rent in the United States today? The annual NAHMA Affordable 100 list provides this important data!

The NAHMA Affordable 100 comprises the largest affordable multifamily property management companies, ranked by affordable unit counts.

The NAHMA Affordable 100 list contributes vital data to the ongoing national dialogue on the future of federal funding for affordable housing. In an effort to accurately determine the portfolio of affordable units receiving federal subsidy in the United States, NAHMA publishes this annual listing of affordable units containing at least one of the following federal subsidies:

- HUD Project-based Assistance
- Section 42 LIHTC
- HOME funds
- USDA Section 515
- Bonds

The National Affordable Housing Management Association (NAHMA) is the leading voice for affordable housing management, advocating on behalf of multifamily rental 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 multifamily affordable housing. NAHMA serves as a vital resource for technical education and information, fosters strategic relations between government and industry, and recognizes those who exemplify the best in affordable housing.

NAHMA believes that benefits of the Affordable 100 list include:

- It sets a foundation for annually identifying an accurate count of available affordable units by a credible, national organization.
- It provides valuable historical information to advocate on behalf of developers, owners, managers, and most importantly, the residents who rely on federal funds.
- It aids in convincing federal departments and agencies to cooperate, and in working together, to assist in the preservation of affordable housing and the creation of improved housing policy.
- It ensures a continued subsidy stream based on actual need demonstrated by data.

RANK / MANAGEMENT COMPANY (2009 rank shown in parentheses)		HEADQUARTERS	TOTAL NUMBER OF UNITS	
			SUBSIDIZED[1]	RESIDENTIAL[2]
1	Riverstone Residential Group (1)	Dallas, TX	40,001	181,928
2	**Interstate Realty Management* (3)**	**Marlton, NJ**	**38,989**	**43,310**
3	Concord Management, Ltd. (4)	Maitland, FL	32,594	33,344
4	**AIMCO* (6)**	**Denver, CO**	**31,745**	**135,654**
5	American Management Services (dba Pinnacle) (2)	Seattle, WA	30,000	185,219
6	**WinnResidential* (5)**	**Boston, MA**	**26,488**	**74,020**
7	**Related Management Company, L.P. (7)**	**New York, NY**	**22,407**	**28,295**
8	**The John Stewart Company (8)**	**San Francisco, CA**	**22,065**	**28,919**
9	**Edgewood Management* (9)**	**Silver Spring, MD**	**22,003**	**26,519**
10	**FPI Multifamily (17)**	**Folsom, CA**	**21,112**	**58,000**
11	**National Church Residences* (10)**	**Columbus, OH**	**20,591**	**21,244**
12	**Capstone Real Estate Services, Inc. (11)**	**Austin, TX**	**20,026**	**39,240**
13	**Ambling Management Company* (12)**	**Atlanta, GA**	**17,739**	**24,876**
14	**KMG Prestige (20)**	**Mt. Pleasant, MI**	**17,606**	**17,815**
15	Wingate Management Company (14)	Atlanta, GA	15,000	15,000
16	**Volunteers of America (15)**	**Alexandria, VA**	**14,976**	**15,383**
17	**Mercy Housing, Inc.* (18)**	**Denver, CO**	**14,918**	**15,193**
18	Lane Company (16)	Atlanta, GA	14,691	31,020
19	Grenadier Realty Corp. (19)	Brooklyn, NY	14,265	21,887
20	**Royal American Management (22)**	**Panama City, FL**	**13,847**	**16,019**
21	Picerne Real Estate Group (24)	Phoenix, AZ	13,638	45,566
22	Cornerstone Residential Management (21)	Lake Worth, FL	12,482	15,000
23	**SL Nusbaum Realty Co. (35)**	**Norfolk, VA**	**12,273**	**17,655**
24	**ConAm Management Corporation (50)**	**San Diego, CA**	**12,223**	**46,120**
25	Summit Housing Partners* (23)	Montgomery, AL	12,000	12,000
26	Maco Management Company, Inc. (37)	Clarkton, MO	12,000	12,000
27	**Boyd Management (26)**	**Columbia, SC**	**11,924**	**12,500**
28	Orion Real Estate Services (28)	Houston, TX	11,417	16,428
29	Retirement Housing Foundation (29)	Long Beach County, CA	11,302	15,014
30	Calex Realty Group, Inc. (31)	Jacksonville, FL	11,162	12,587
31	The Yarco Companies (38)	Kansas City, MO	11,162	11,162
32	**Gene B. Glick Company, Inc. (32)**	**Indianapolis, IN**	**11,049**	**17,837**
33	Archstone-Smith (33)	Englewood, CO	11,000	83,871
34	**Alpha-Barnes Real Estate Services (44)**	**Dallas, TX**	**10,934**	**14,980**
35	**SPM, Inc.* (25)**	**Birmingham, AL**	**10,768**	**13,412**

2010 NAHMA AFFORDABLE 100

RANK / MANAGEMENT COMPANY (2009 rank shown in parentheses)	HEADQUARTERS	TOTAL NUMBER OF UNITS SUBSIDIZED[1]	RESIDENTIAL[2]
36 Peabody Properties, Inc.* (59)	**Braintree, MA**	**10,698**	**12,867**
37 Wallick—Hendy Companies (34)	**Reynoldsburg, OH**	**10,500**	**11,866**
38 Coldwater Management LLC (36)	Sherman Oaks, CA	9,979	11,628
39 McCormack Baron Ragan Mgmt. Services (13)	St. Louis, MO	9,811	13,320
40 Lincoln Property Company (30)	Dallas, TX	9,801	98,000
41 Conifer Realty (46)	**Rochester, NY**	**9,756**	**10,705**
42 Professional Property Management, LLC (42)	**Rockford, IL**	**9,663**	**10,127**
43 Pedcor Management Corp. (39)	Carmel, IN	9,500	13,666
44 Village Property Management (43)	Irvine, CA	9,000	9,000
45 Barker Management	Anaheim, CA	9,000	9,000
46 Community Management Corporation* (41)	**Winston-Salem, NC**	**8,752**	**8,863**
47 Forest City Residential Management, Inc. (45)	**Cleveland, OH**	**8,742**	**32,919**
48 Multifamily Management Services (48)	**Suffern, NY**	**8,534**	**37,491**
49 USA Properties Fund, Inc. (49)	Roseville, CA	8,500	8,500
50 Partnership Property Management (52)	Greensboro, NC	8,034	8,034
51 F&W Management* (40)	Roanoke, VA	8,000	8,000
52 HSC Real Estate (54)	Seattle, WA	8,000	32,098
53 Dominium Management Services (27)	Plymouth, MN	7,991	16,200
54 Fairfield Residential (51)	**Grand Prairie, TX**	**7,934**	**52,758**
55 NDC Real Estate Management, Inc. (55)	Pittsburgh, PA	7,926	9,870
56 The Community Builders* (47)	Boston, MA	7,770	9,543
57 Pacific West Management (53)	Irvine, CA	7,500	13,000
58 Sun Belt Management Company (56)	Albertville, AL	7,400	7,400
59 SHP Management Corp. (72)	**Cumberland Foreside, ME**	**7,118**	**7,118**
60 The Hallmark Companies (85)	Atlanta, GA	7,099	7,099
61 Oakbrook Corporation (73)	Madison, WI	7,025	7,026
62 Preservation Management Inc. (79)	South Portland, ME	7,000	7,000
63 IMS Properties (64)	Fenton, MI	6,977	6,977
64 Metroplex, Inc. (71)	Chicago, IL	6,893	6,893
65 G & K Management Co., Inc. (57)	**Culver City, CA**	**6,880**	**14,976**
66 Millennia Housing Management, LTD (83)	**Valley View, OH**	**6,799**	**7,015**
67 RY Management (60)	New York, NY	6,751	13,200
68 HJ Russell & Company* (87)	**Atlanta, GA**	**6,654**	**7,025**
69 Community Realty Management*	**Pleasantville, NJ**	**6,627**	**7,546**
70 Cascade Management, aka Kellenbeck PM (61)	**Grants Pass, OR**	**6,552**	**6,567**
71 Ledic Management Group (58)	Memphis, TN	6,500	26,384
72 Equity Management, Inc. (65)	Laurel, MD	6,500	10,000
73 Continental Wingate (66)	Needham, MA	6,429	11,375
74 The NRP Group, LLC	**Cleveland, OH**	**6,406**	**7,196**
75 Cohen Esrey Real Estate Services, Inc. (70)	**Kansas City, MO**	**6,393**	**14,786**
76 GEM Management (68)	Charlotte, NC	6,300	7,200
77 Corcoran Jennison Management* (92)	**Boston, MA**	**6,243**	**9,083**
78 Kettler Management (63)	**McLean, VA**	**6,237**	**12,277**
79 Midwest Management (75)	Milford, MI	6,000	24,000
80 Fourmidable Group (76)	Farmington Hills, MI	6,000	7,000
81 Lenzy Hayes (77)	Bloomington, IN	6,000	6,000
82 Mid-Peninsula Housing Management (78)	Foster City, CA	6,000	6,000
83 Beacon Communities, LLC (80)	Boston, MA	6,000	8,000
84 CSI Support & Development Services* (81)	**Warren, MI**	**5,792**	**5,792**
85 Seldin Company	**Omaha, NE**	**5,641**	**7,994**
86 Flaherty & Collins Inc. (62)	Indianapolis, IN	5,601	9,256
87 Pennrose Management Company	**Philadelphia, PA**	**5,408**	**6,438**
88 Ingerman Group (86)	Cherry Hill, NJ	5,401	7,400
89 ALCO Management* (67)	**Memphis, TN**	**5,392**	**7,105**
90 Alpha Property Management, Inc. (88)	Los Angeles, CA	5,329	5,329
91 Solari Enterprises, Inc.* (104)	**Orange, CA**	**5,311**	**5,363**
92 Pacificap Management, Inc. (90)	Portland, OR	5,248	5,248
93 American Apartment Management, Inc.* (106)	**Knoxville, TN**	**5,226**	**5,226**
94 Urban, Inc. (91)	Greenwood Village, CO	5,200	6,000
95 Naimisha Management Inc. (84)	Palm Beach Gardens, FL	5,170	5,258
96 Shelter Properties LLC (94)	**Baltimore, MD**	**5,153**	**5,325**
97 Quantum Management Services, Inc. (93)	Lynnwood, WA	5,053	5,381
98 Brackenhoff Management Group, Inc. (97)	Carson, CA	4,932	6,216
99 Landura Companies (98)	Winston-Salem, NC	4,924	4,924
100 Standard Enterprises (102)	**Monroe, LA**	**4,695**	**4,990**

Companies in bold provided data for NAHMA's survey. All others are based on industry estimates.

* A NAHMA Communities of Quality® National Recognition Program Participant

[1] and [2] All unit data represent only units directly managed (not owned) that were rented or available to rent on December 1, 2009. Down units, abated units, units under construction or rehabbing units not available for rent are not included.

[1] Total affordable units managed. Federal programs only, including HUD, LIHTC, USDA, HOME, and Bond programs. Data do not include state or local subsidy, public housing, tenant-based vouchers (Section 8 or RD tenant-protection vouchers), or Federal mortgage insurance or loan guarantee programs. If a unit has more than one subsidy, it is counted only once.

[2] Total residential units managed (including market or affordable).

NAHMA would like to extend its sincere thanks to the NAHMA Survey Task Force, without whose hard work and support this survey would not be possible. In particular, sincere appreciation goes to Task Force Chair Allan B. Pintner, and task force members Audra Garrison, Laura Swanson, Mark Livanec, David Buffington, John Yang, Sara Dunnington, and Gustavo Sapiurka.

If you believe your company should be included in next year's survey, please contact us at Larissa.Mendes@nahma.org.

NAHMA Comments on Section 202 Questions

In late March, NAHMA participated in a Section 202 Stakeholder Meeting at HUD for consideration of how a future Notice of Funding Availability could be amended.

In a follow-up letter, NAHMA stated that it believes the guiding principles for reform of elderly housing regulations should include:

- Enabling sponsors to build properties that achieve economies of scale;
- Ensuring that Section 202 properties are physically and financially sustainable in the long-term;
- Encouraging supportive services which will allow seniors to "age-in-place" and
- Pursuing a simplified regulatory framework which focuses on results rather than sponsors' processes for achieving the desired results.

NAHMA offered the following comments on specific questions raised during the meeting:

Should HUD require that 202 projects leverage LIHTC equity in order to reduce per unit capital advance amounts?

No. NAHMA suggests that HUD encourage and/or provide incentives for developers to leverage LIHTC equity and other funding sources to finance 202 projects. NAHMA also encourages HUD to work with Treasury/IRS and other equity providers to streamline and simplify the process of using Section 202 grants with other funding sources.

Should HUD block-grant 202 funds to states for allocation and administration of funds (similar to HOME)?

NAHMA is skeptical of the block grant concept for allocating Section 202 capital advances as it may result in different priorities and program requirements in each state.

Should HUD provide 202 funding only to projects that are substantially ready to proceed (i.e., have local approvals, funding commitments and are underway with work drawings)?

NAHMA welcomes further dialogue with HUD on this question. Conceptually, it may be reasonable for HUD to consider this factor in the NOFA. However, HUD must balance the goal of bringing units online as quickly as possible against the reality that all development deals have elements of uncertainty. There is rarely, if ever, a "perfect" development deal. Likewise, Section 202 capital advances are often used to leverage other federal, state and local funding, which, in turn, moves the development forward. **Requiring** developers to be shovel-ready as a condition of Section 202 funding could make it more difficult for smaller sponsors to secure the additional financing needed to proceed with construction.

Should HUD provide 202 funding only to sponsors that have significant track records in developing similar housing?

NAHMA believes it is reasonable to consider a sponsor's history in developing similar housing. Nevertheless, HUD must ensure that its policies do not create such high barriers to program participation that capable new sponsors are precluded from receiving funding.

Should HUD provide 202 funding only for projects that reserve some or all supported units for frail seniors?

NAHMA certainly believes that sponsors should be **permitted** to reserve Section 202 units for the frail elderly. However, NAHMA does not believe that HUD should require projects to reserve some or all supported units for frail seniors as a condition for receiving Section 202 funds.

Should HUD provide 202 funding through a national competition?

NAHMA agrees that greater flexibility in the allocation process is necessary to ensure the areas with the greatest need for elderly housing receive adequate funding for feasible projects. On the other hand, if funding is skewed to only a few states or urban areas, Congressional support for a national Section 202 program would greatly diminish. NAHMA urges HUD to consider the approach proposed in Title VII of the Housing Preservation and Tenant Protection Act of 2010 (HR 4868). Section 717 of the bill states,

> "Paragraph (3) of section 202(l) of the Housing Act of 1959 (12 U.S.C. 1701q(l)(3)) is amended by inserting after the period at the end the following: `In complying with this paragraph, the Secretary shall either operate a national competition for the nonmetropolitan funds or make allocations to regional offices of the Department of Housing and Urban Development.'"

ADDITIONAL CONSIDERATIONS

As HUD works to reform the Section 202 program, NAHMA believes it is imperative to continue building new units to meet the present demands. NAHMA strongly urges the Administration to reconsider its FY 2011 budget request, which would eliminate funding for new Section 202 construction for the next five years.

If Congress zeros-out capital advances, there is no guarantee funding will resume. NAHMA strongly believes Section 202 appropriations should be held to at least $825 million, the enacted level for FY 2010. NAHMA hopes that HUD will request strong Section 202 budgets that include funding for capital advances and inflationary increases. **NN**

Entries Accepted for National Community of Quality® Awards

FOR THE 18TH YEAR, NAHMA WILL SHOWCASE the highest-quality multifamily affordable housing in the country through its 2010 Community of Quality® (COQ) Awards program. The awards acknowledge excellence in:

- The physical and financial condition of affordable multifamily properties;
- The quality of life they offer to residents;
- The level of resident involvement in planning and problem solving; and
- The nature of collaborations with other organizations and agencies that contribute to the betterment of the lives of residents and the communities at large.

The awards are co-sponsored by HD Supply Multifamily Solutions™, a leading supplier of maintenance and renovation products to the multihousing industry.

"Every year we are inspired by the excellence being exhibited in the communities created and maintained by our members," said NAHMA Executive Director Kris Cook. "It's important for people to know what assets these properties are to their communities."

Property owners can submit COQ applications for the following categories, each of which will have first- and second-place winners:

- Exemplary Family Development
- Exemplary Development for the Elderly
- Exemplary Development for Residents with Special Needs
- Exemplary Development for Single-Room Occupancy
- Outstanding Turnaround of a Troubled Property

Before applying for a COQ Award, a property must first have achieved National Recognition as a Community of Quality®.

NAHMA President Dan Murray, NAHP-e, urged property owners and managers to apply for the awards. "Earning a COQ Award demonstrates to your peers, your investors, the regulatory community, your residents and your employees how much care and effort goes into creating and maintaining a high-quality environment," he said.

Mike Hendel, Director of Multifamily Business Development, HD Supply Multifamily Solutions, said his company is proud to once again be involved in an awards program that recognizes the importance of property maintenance. "We appreciate the opportunity to partner with NAHMA in an awards program that encourages property owners and managers to maintain their properties in ways that keep the value high and makes residents proud to live there."

The 2010 COQ Awards will be presented at NAHMA's annual winter meeting, March 6-8, 2011, in Washington, D.C.

For more information on the Communities of Quality® National Recognition and Awards program, visit NAHMA's website at www.nahma.org. **NN**

Rules of EIV, Mandatory Use

Although use of the Enterprise Income Verification (EIV) became mandatory as of January 31, 2010, on April 27, 2010, HUD's Real Estate Assessment Center (REAC) issued a statement that the system went offline. At press time, HUD acknowledged EIV was having problems and showing inaccurate information. Until the system becomes fully functional, HUD advises owner/agents (O/As) to perform third-party verifications as done previous to the implementation of EIV. HUD emphasizes the need to "document the tenant files that have been affected by this outage." Contract Administrators were instructed not to issue MOR findings due to an O/A not using EIV until such time when the system becomes fully functional.

In the meantime, HUD issued Notice H 10-08, which informs O/As of the requirements for implementation of the final income and rent determination rule and EIV. A copy of the final rule is located at http://edocket.access.gpo.gov/2009/pdf/E9-30720.pdf.

The following is a summary of the final rule.

WHO MUST USE EIV

Notice H 10-08 states the requirement to use EIV applies to the following programs:

A. Project-based Section 8
   1. New Construction
   2. State Agency Financed
   3. Substantial Rehabilitation
   4. Section 202/8
   5. Rural Housing Services Section 515/8
   6. Loan Management Set-Aside (LMSA)
   7. Property Disposition Set-Aside (PDSA)

B. Section 101 Rent Supplement

C. Section 202/162 Project Assistance Contract (PAC)

D. Section 202 Project Rental Assistance Contract (PRAC)

E. Section 811 PRAC

F. Section 236

G. Section 236 Rental Assistance Payment (RAP)

H. Section 221(d)(3) Below Market Interest Rate (BMIR)

CHANGE IN SOCIAL SECURITY NUMBER (SSN) REQUIREMENTS

The regulation at 24 CFR 5.216 now requires that assistance applicants and tenants, excluding tenants age 62 and older as of January 31, 2010, whose initial determination of eligibility was begun prior to January 31, 2010, and those individuals who do not contend eligible immigration status, disclose and provide verification of the complete and accurate SSN assigned to them.

This requirement is no longer limited to those assistance applicants and tenants six years of age and older. In addition, the process of having an applicant household certify they have a SSN for each household member six years of age and older, and continuing with the recertification process until the time of their move-in certification, is no longer applicable.

The notice gives specific information on who the SSN requirements do not apply to; the timeframe for providing SSNs for both applicants, people on a waiting list, tenants and others; how O/As must verify and document each disclosed SSN; actions to be taken once an SSN is verified; penalties for a tenant's non-disclosure of an SSN; and termination of tenancy for failure to meet the SSN requirements.

MANDATORY USE OF EIV

The new regulation requires O/As to incorporate use of EIV in its entirety (1) as a third-party source to verify tenant employment and income during mandatory recertifications, and (2) to reduce administrative and subsidy payment errors.

Effective January 31, 2010, it is mandatory that O/As use EIV:

- At the time of recertification of family composition and income and
- At other times as specified by HUD and/or in the O/A's Tenant Selection Plan and Policies and Procedures.

The EIV system is part of HUD's Secure Systems. A user must obtain access rights to the EIV system as either an EIV Coordinator or EIV User. Instructions for obtaining access to EIV are posted at: http://www.hud.gov/offices/hsg/mfh//rhiip/eiv/eivapps.cfm.

O/As need to notify applicants and tenants of the regulation changes. HUD has developed an EIV brochure titled *EIV & You* to assist O/As in notifying tenants and applicants who have been selected from the waiting list for screening and final application processing. This brochure can be found on the Multifamily EIV website at www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivhome.cfm. The brochure can also be ordered by calling HUD at 800-767-7468. The brochure is required by Housing Notice H 2010-02 to be distributed at each annual recertification and when an applicant household has been selected from the waiting list for screening and final application processing.

UPDATING O/A'S TENANT SELECTION PLANS AND POLICIES AND PROCEDURES

The final rule requires that Tenant Selection Plans be updated to include the changes in SSN requirements and the use of the EIV Existing Tenant Search as a part of the applicant screening process. **NN**

2010 Art Contest Held for the 2011 NAHMA Calendar

At press time, NAHMA was poised to hold the national judging for its annual art/calendar contest, which is in its 24th year. An estimated 5,000 children and elderly/disabled residents nationwide participated in the calendar art contest this year.

The traditional "AHMA Drug-Free Kid" focus has a theme and sub-theme this year that reinforces a positive use of time and encourages a broader range of submissions. This year, the theme is "I Can Do Anything I Believe," with the sub-theme of "Become a Superstar."

The contest was open to:

- **Children** who live in a family community of a NAHMA and/or a local Affordable Housing Management Association (AHMA) member company;
- **Elderly and/or special needs residents** 55 years or older who live in a community of a NAHMA and/or a local AHMA member company;
- **Special Needs Residents** who live in a permanent supportive housing community or 811 community of a NAHMA and/or a local AHMA member company.

HOW THE CONTEST WORKS?

For each grade category (for children) and up to three entries in the elderly/disabled and special needs levels, local AHMAs select three winning posters, photographs, websites, computer art or other media, such as tile, macramé, needlework etc., (which must be submitted as a photograph).

The five grade categories for children are based on the grade level the contestants have completed by June 2010:

- Kindergarten–1st Grade
- 2nd grade–3rd grade
- 4th grade–6th grade
- 7th grade–9th grade
- 10th grade–12th grade

While residents can discuss the theme and contest rules, entries must be created by the individual without assistance.

All AHMA winning submissions are forwarded to NAHMA where a distinguished panel of judges will select the 13 winning entries that will appear inside the pages of the 2011 calendar, including submissions from children, elderly and special needs residents. One special entry will be selected as the grand-prize winner, which will appear on the cover. (Only children are eligible to become the grand prize winners.)

All art submitted to NAHMA becomes the property of NAHMA, and NAHMA has right to use the art for publicity, publications and advertisements.

The traditional "AHMA Drug-Free Kid" focus has a theme and sub-theme this year that reinforces a positive use of time and encourages a broader range of submissions.

THE DEADLINE

The deadline for AHMA entries to the national contest was Friday, June 4, 2010.

HOW THE ART SUBMISSIONS ARE JUDGED

Entries are judged on the artist's ability to create a submission with the **I Can Do Anything I Believe: Become a Superstar** contest theme.

Specifically judges consider:

- Interpretation of the theme
- Originality
- Quality and appeal
- Overall artistic ability.

HONORABLE MENTIONS

Children, elderly and special needs residents in communities from across the nation who participate in the annual art contests held by regional and state AHMAs are eligible to be selected as Regional AHMA art contest "Honorable Mentions" and will have their artwork featured nationally in a special section of the NAHMA 2011 "Drug-Free Kids" Calendar. These participants are in addition to those that will be selected as national winners.

CONTEST PRIZES

The winners of each local AHMA's contest receive various prizes from the AHMA.

Children who win the national contest receive educational scholarships in the form of a check awarded by the NAHMA Educational Foundation. The national contest's grand-prize winner, whose art will appear on the cover of the calendar, receives an educational scholarship and a trip to Washington, D.C., where he or she will be honored at the NAHMA Fall Meeting October 24-26, 2010.

Members of the elderly and special needs communities can receive a cash donation made in the name of the winner to their community for use in purchasing or funding a project from which all of the community's residents will benefit (e.g., books for the library or appliances for a community room, garden bench or sculpture), or other appropriate items. Winners will also be included in the 2011 calendar.

- Grand Prize Winner—$2,500 Educational Scholarship Check and Trip to Washington, D.C.
- National Winners—$1,000 Educational Scholarship Check;
- Elderly and Special Needs—$1,000 Donation for Community;
- Honorable Mentions—$100 Educational Scholarship Check. **NN**

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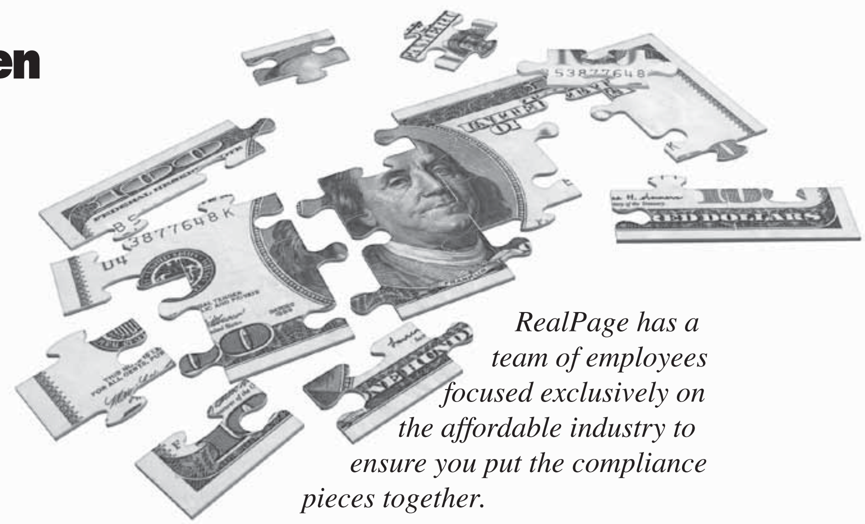

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Corporate offices can set up a move-in checklist to ensure that each step of the move-in process is completed – including allowing for final approval at a regional- or home-office level. Verification letters can be managed from generation to verification with complete audit trail capabilities. You can also customize letters, notices, and leases to fit your state and company requirements.

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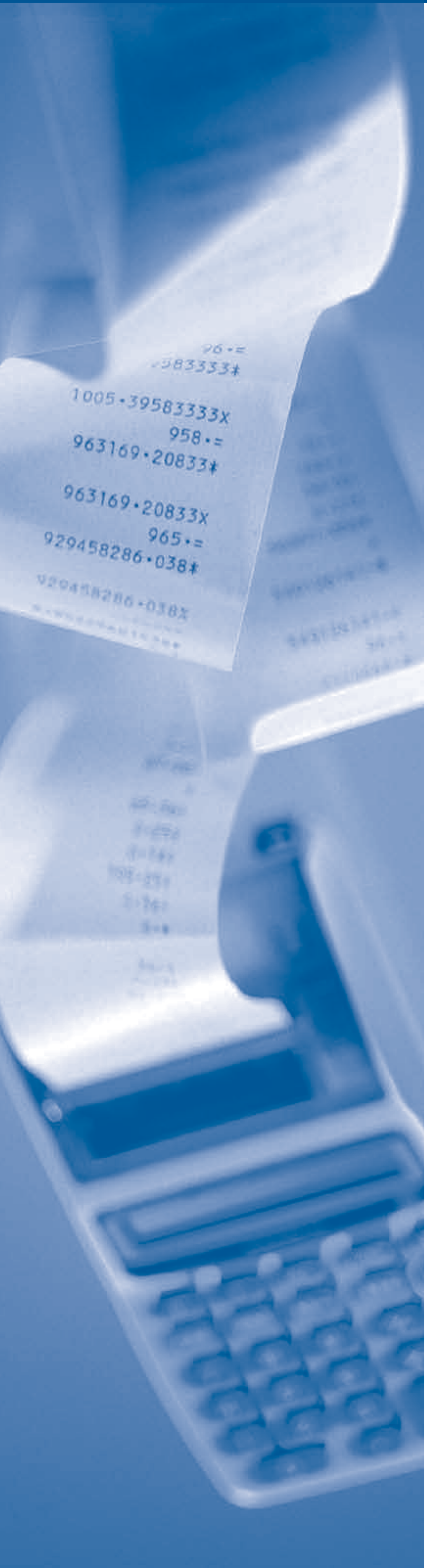

BY DAVID A. SMITH

15 Ways to Lose Big Money Greening Your Property

If you own, operate or manage a multifamily building, you've heard some sophisticated pitches to green your building, with four-color brochures showing cross sections of windows filled with exotic gases, proposals to turn your roofs into something that looks like a golf hazard, and a long list of new toilets, insulation, balloon-animal light bulbs the residents may break, and airtight doors someone will always prop open.

Each proposed package comes with a sound-bite figure of percentage savings that sounds tempting. You're also likely to get the green advocates among your residents, regulators and partners off your back. Yet a bad capital decision—easy to do with new, unfamiliar systems—will wound your operating budget for years.

The right green adds value; the wrong green costs money. Here are pitfalls to dodge.

1 Look at energy independent of capital needs planning. For short money, an energy audit—what many people will try to sell you—will list what energy you're consuming and where most of it is going. It will tell you that your boiler is less efficient than a modern boiler, that your windows leak heat, that your toilets waste water, and that your corridors are too hot and your roofs are under-insulated.

Great; you knew all that already. What you didn't know, and the energy audit will not tell you, is how much benefit you get for how much you spend, when to spend it (now or on system failure), and how to choose green versus conventional replacements.

And you've just dangled a lot of attractive baubles in front of stakeholders, who don't have to pay for them or justify their IRR (internal rate of return).

2 Use an unproven assessment protocol. Because apartments are unsexy compared with office buildings and hotels, protocols and standards for assessing green multifamily retrofits have come late. The best available protocol is the Enterprise Green Communities Energy Retrofit Audit Protocol, an open-source document (available via free download at www.greencommunitiesonline.org/tools/funding/loans/retrofit.asp). It lays out what should be in the report; how it should be collected, analyzed, and presented; and who is qualified to conduct it.

3 Get a report the lender or weatherization funder can't underwrite. To do as much as people would like, you'll need new money, principally borrowed, often on favorable terms. While some energy and green measures can be funded out of operations, building systems—say, boilers or exterior siding—are larger-ticket and need to be financed.

Your green capital needs assessment must be lender-accepted, and compatible with underwriting, subsidy-providing, LIHTC-allocating or grant making applications. Otherwise you've wasted the money you've spent commissioning it and blown the opportunity to capture stimulus or other money now available.

4 Use the wrong metrics, like SIR and simple payback. Engineers and energy auditors like home-grown metrics including SIR (Savings-to-Investment-

Ratio: the total amount of savings divided by total cost), and Simple Payback (the period of time over which the annual savings will equal the expenditure). By ignoring everything from maintenance cost to discount rate, these metrics make even small efficiency gains look good, and they're inexplicable to normal people. Does a 1.58 SIR mean anything to an owner you're asking to write a check?

5 Omit the right metrics, NPV and IRR. All costs are opportunity costs. Financial metrics like net present value (NPV) or IRR reflect true cost of capital, useful life, irregularity of returns over time and fair comparisons of one measure versus another. Yet nine out of 10 energy audits omit them, leaving the manager unable to give the owner, CFO, lender, credit officer or investor asset manager a figure that can be easily understood.

6 Overstate savings by failing to compare against the existing system. Green evangelists tend to sell their wares using childhood lemonade-stand economics, where every sale is pure profit. Every gleaming system comes with marketing materials telling you how much it saves—but compared to what—a boiler installed during the Truman administration? To understand a green retrofit properly, you have to compare it to a comparable conventional system that you would install in the normal course of business.

7 Buy flashy, big-ticket items. New tech is glamorous. We are drawn to plug-and-play, install-and-forget gadgets (motion-detector light switches, stairwell setback thermostats). So there's tremendous promotion of, for instance, electrochromic glass, which changes from transparent to translucent when hit with a burst of electricity. Unfortunately, the glass is expensive, and the marginal savings are minuscule, so the resulting IRR will pass no one's hurdle rate.

8 Use unproven technology. For existing multifamily properties, tried and true tends to be best. Vertical axis wind turbines attached to your building can provide wind power—until they break, get clogged with leaves, pull loose or cause the building structural-integrity problems. We don't know how big these risks are—the point is that wind turbine proponents don't either.

9 Ignore interactivity. Buildings both produce energy (boilers, electric baseboards, forced hot water systems) and consume energy (windows, apertures, roofs). That makes a building a complex energy system, where increased efficiencies do not simply sum up. An improved boiler and new windows together will not give you total savings anywhere near the sum of their individual savings. Your plans have to be based on this sad fact.

10 Don't model the building as a totality. Replace those hot incandescent lights from apartment interiors with compact fluorescent lights (CFLs) and you have a nice quantifiable savings in lighting costs…but your heating bills will rise. Those hot light bulbs actually contribute to apartment heating.

Only comprehensive energy modeling can reveal these interactivities. That includes entering location-specific information on historical climate with detailed utility billing information (not just amounts but BTUs, therms and MCFs), then curve-fitting until the model's historical energy usage aligns closely. Then you overlay the proposed retrofits and recalculate the projected total uses; the savings are the difference. It takes some effort and some checking, but the resulting accuracy is well worth it.

11 Overlook installation and maintenance costs. New systems may cost more or less to maintain than existing ones. New lubrication schedules, annual filter replacement requirements, special mechanics at high rates—all have to be factored in.

12 Forget about life-cycle cost. Replacing carpeting with hardwood or vinyl tile floors may look like a poor return on your high investment, until you factor in that the vinyl tile can be cleaned on turnover whereas the carpet must often be replaced. When a shorter-lived asset is swapped for a longer-lived one, your IRR or NPV will look terrible unless you correctly include the saved cost of all that future carpet you won't be installing.

13 Prematurely rip out a perfectly good conventional product to install a green one. Your current boiler may be inefficient, but it's paid for. Are the incremental savings from going to a better one worth making a change now, or should you spend that money on something else and replace the boiler when it reaches the end of its useful life—or when you anticipate a future transaction?

Some things you want to replace now, even if they're functional, because the acceleration of savings is worth it. Some you'll mark down for future replacement.

14 Let your green capital needs assessor give you a black-box package. While the final improvements come in a package—you do them together—some measures have terrific returns, while others do not pay for themselves in isolation. Many a green evangelist will surround a low-yield, high-sex-appeal measure with high-yield, low-cost quotidian measures (like shower heads, toilets, and CFLs), simply to push the blended return over a perceived threshold. You and your owner don't want that; you want the optimal package, not the glitziest. For that, you need to see each measure in isolation, and then see the measures consolidated into the overall recommendation.

15 Be handed a finished product with no chance to change the recommendations. When it comes to the property, its finances and its ownership, you know things your capital needs assessor can never know. Your owner may be planning a sale, or a preservation transaction. The state agency may have inexpensive money to give out that requires a certain minimum spend and virtually mandates certain improvements. All these things bear on what is the optimal greening program for this property at this time. When all is said and done, you're the optimizer, and hence you're the one who chooses what goes in the improvements basket.

There you have it—fifteen ways to lose big money greening your property. Now your task is easy: you just have to avoid them.

Maybe you should find a green capital needs assessment that dodges all the traps. Any idea where you can find one? **NN**

David A. Smith (dsmith@recapadvisors.com) is CEO of Recap Real Estate Advisors.

Strong Online Response for 2010 Scholarships

THE FOURTH YEAR OF THE NAHMA Foundation Scholarship Program is off to a strong start. As of press time, more than 100 online applications were filed, and there was still more than a week before the final deadline for submission (which was May 18th at 10:00 p.m. Eastern time).

Although the final count of applications is unknown at the time of this writing, the Foundation is very encouraged by the positive initial response. The Foundation would like to thank AHMA leaders, management companies and apartment community site personnel for promoting the scholarship program to residents who are currently enrolled or are planning to pursue higher education.

In its first three years of operation, the Foundation has awarded 114 scholarships totaling $110,000. Last year, scholarships were granted to students representing 10 different AHMAs. Determination of those individuals being recommended for scholarships in 2010 will be made in early June by a committee comprising a subgroup of the NAHMA Foundation Board of Directors.

After the 2010 recipient list has been finalized, the Foundation will announce the winners, their respective apartment community and management company, and their individual school information.

AHMAs, management companies and individual apartment communities that have a 2010 recipient on their rolls have an excellent public relations opportunity in publicizing this information. The Foundation wants to support efforts to publicize the recipients and, as part of the application process, secured the individuals' consent to use their names and photographs for public relations purposes.

The next edition of *NAHMA News* will release the names and related information of the 2010 scholarship recipients. Be sure to watch for it.

Summer Meeting a First-Time Collaboration

For the first time in its 20-year history, NAHMA is co-locating its 2010 Summer Meeting with the National Apartment Association's (NAA) Education Conference & Exposition.

Held in New Orleans, NAHMA's Summer Meeting on Wednesday, June 23, 2010, will focus on public policy issues. The NAA Annual Conference & Expo is held Thursday through Saturday (June 24-26) and features industry-related tracks for all types of apartment professionals—from executives to onsite managers to leasing agents to maintenance technicians. It also features the largest trade show in the multifamily industry.

NETWORKING AND EDUCATION UNITE

Networking and affordable housing policy discussions kick off on the morning of Wednesday, June 23 with the daylong NAHMA Public Policies Forum meeting, where discussions will focus on public policy related to federal legislative and regulatory initiatives that impact all of the affordable housing programs, from HUD programs (project-based Section 8, Section 8 tenant vouchers, Section 202 senior housing, and Section 811 special needs housing); to the Low Income Housing Tax Credit program; to Rural Housing Service programs (Sections 515, 538 and the revitalization program).

That evening, NAHMA will host an opening party at the fabled House of Blues in the French Quarter. Admission is free to the first 500 who pre-register (pre-registration is required). Visit www.nahmaparty.com for more details.

The Thursday through Saturday NAA events include four sessions presented by NAHMA. These include:

- 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.

The NAA Conference & Expo brings together more than 5,000 multifamily housing professionals for three days of the best professional development training in the industry. This event boasts world-class general session speakers, 40 education sessions in nine tracks led by topic experts, 300 suppliers demonstrating the latest products and services, and networking events.

Registrants can also sign up to participate in NAA's Community Outreach program by donating school supplies and conference bags to students in the STAIR (Start the Adventure in Reading) program. STAIR works in the Greater New Orleans area to help second-grade public school children who are in danger of failing reading, as well as provide literacy support to their families.

Among the general session speakers at the 2010 NAA Conference is the 43rd U.S. President, George W. Bush, as well as the Editor of *Fast Company* magazine Bill Taylor, who will speak about management trends, and Bruce Kimbrell of the Disney Institute, who will speak about customer service.

To view a video promotion of the event, click on the following link: http://www.youtube.com/watch?v=90OLZoZ1ESw.

Events will be held at the Hilton New Orleans Riverside, as well as at the New Orleans Convention Center.

Note: Registrations for the NAHMA and NAA events are separate.

To register for the NAHMA Public Policy Issues Forum on Wed. June 23, go to NAHMA's website at www.nahma.org. To register for the NAA Conference June 24-26, 2010, go to http://reg.jspargo.com/naa10/reg/individualMain.asp and use promo code NAHMASR10 for the NAHMA member discount.

Hotel information is available at the registration website.

Don't miss this first-time-ever event! **NN**

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HUD'S OFFICE OF POLICY DEVELOPMENT AND RESEARCH has commissioned a study about what happened to LIHTC properties after the first 15 years, when the original use restrictions for properties that received tax credit allocations before 1990 expired, and when some tax credit properties funded after that date also were able to leave the program. A survey of 40 randomly sampled LIHTC property owners is planned for the fall 2010.

According to HUD's notice in the Federal Register, *Notice of Proposed Information Collection for Public Comment: Study of the Low Income Housing Tax Credit (LIHTC) Program After 15 Years:*

"Owners play a key role in the maintenance and disposition of tax credit properties, making the final decisions on next steps with a property once it reaches the 15 year mark. The survey will collect data on LIHTC property owners' experience with the LIHTC program, gathering information that factored into property disposition decisions. Data will also be collected on whether projects were sold and whether projects continued as affordable rental housing."

HUD is inviting comments on the study, which can be found at http://edocket.access.gpo.gov/2010/pdf/2010-11077.pdf. The deadline is July 12, 2010. NAHMA will work in consultation with its Tax Credit and Regulatory Affairs Committees to determine its response.

Requirements in the Housing Choice Voucher (HCV) program

HUD HAS ISSUED NOTICE PIH 2010-18 (HA), which revises and supersedes certain guidance put forth in HUD Notice PIH 2009-51. 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. In the case of a property undergoing a Housing Conversion Action, units occupied by tenants on the date of the eligibility event who do not receive vouchers may be considered assisted units if the owner chooses to continue charging below market rents to those families by offering lower rents, rent concessions, or other assistance. Consequently, those units are not taken into consideration for purposes of rent reasonableness determinations. For more information, please see 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 at www.hud.gov.

HUD NEWS

HUD HAS MADE A NUMBER OF AMENDMENTS TO "STEPS FOR SUBMITTING A TECHNICAL REVIEW" for REAC, which became effective May 1, 2010. The amendments would require appeals to include photos or videos, and these must be authenticated by a third-party expert. A copy of the amendments can be found at: www.hud.gov/offices/reac/products/pass/PDFs/guidelines-adj.pdf. The document is also available through the NAHMA HUD website, located at: www.nahma.org/member/hud.html.

THE INTERNAL REVENUE SERVICE (IRS) RECENTLY ISSUED NOTICE 2010-18 to assist State Housing Credit Agencies in determining how to reduce the low-income housing tax credit ceiling under § 42(h)(3) of the Internal Revenue Code when credits are exchanged for funds pursuant to Section 1602 of the American Recovery and Reinvestment Tax Act of 2009. The notice also provides guidance concerning the affect of Section 1602 funds on building basis and taxpayer income. Notice 2010-18 can be accessed at www.irs.gov/pub/irs-drop/n-10-18.pdf.

HUD HAS RELEASED ITS FY 2010 MEDIAN FAMILY INCOME ESTIMATES and FY 2010 Income Limits. The Final Notice on *Ending the "Hold-Harmless" Policy in Calculating Section 8 Income Limits Under the United States Housing Act of 1937* was published in the Federal Register and can be found at http://edocket.access.gpo.gov/2010/pdf/2010-11638.pdf. Please note the link to the public preview copy of the notice is no longer operable. **NN**

Unusual Route to a Satisfying Career

JED GRAEF HAS HAD ONE OF THE more interesting routes to winding up in the affordable housing business.

He earned his undergraduate degree from Princeton University, majoring in psychology, and then got a Ph.D. in psychology from the University of Michigan. He taught at the University of Toronto, but "was one of those people who didn't publish enough and therefore perished," he said.

After that Graef got involved in the Zen Buddhist practice and spent seven years on staff at a Zen training center in Rochester, New York. There he met his wife, and after they had their second daughter, realized he needed more of an income. He had always been interested in "data analysis and technical things," so he began taking graduate level programming courses at the Rochester Institute of Technology.

"One of the professors there talked about how often people come to programming from other endeavors, and that a great number of them are from music and psychology," he said. That inspired him to stay in the field, and he found meaningful work as a programmer/analyst for the next five or so years.

AN ENTRE INTO AFFORDABLE HOUSING

Then Graef and his family moved to Vermont, where he saw an ad for a programming job at a company called A&M Software. "They did HUD compliance and had a product called HUD-Manager," he said. "They needed someone to write a waiting list package, a project that someone else had begun." Up until that point Graef had had no exposure to subsidized housing.

"Basically they handed me all the regulations from the Federal Register related to waiting lists and said, 'here, read this'," he said. He completed that project through the initial release and an updated release." After three years, Graef became head of development, supervising "programmers, the testing folks and tech writers."

He helped develop a contract administrator package and was working "on a bunch of projects between 1989 and 1996." During that period he got involved with compliance issues and began traveling to Washington, D.C., to understand this aspect of property management, which he said is "ever-evolving."

> "The people are great; I love going to NAHMA meetings, as much for the people as for what I learn."

The company also evolved, by 1996 being purchased by Rent Roll (now RealPage). After that company transitioned, Graef worked for IPM Software, whose owner had been a partner at A&M Software. He focused on compliance, and even though the company was headquartered in Texas, he was able to work out of his home in Vermont.

This lasted until February 2009, when he moved to BostonPost Technology, headquartered in Bedford, New Hampshire. "Instead of flying across the country to Texas every month or so, I drive to New Hampshire a couple times a month" to meet with others in the company. He also attends TRACS industry meetings, NAHMA meetings and other events that keep him well in touch with what's happening in the compliance arena.

FINDING SATISFACTION WORKING WITH PEERS

Graef found that he really liked the property management industry. "The people are great; I love going to NAHMA meetings, as much for the people as for what I learn."

"I'm one of those people who get excited when new regulations come out. Things are not always as clear as they need to be for a programmer to understand them. I find it extremely helpful to be able to talk to other people about how they interpret regs and how they do things."

"Often it's very difficult to get answers from HUD staff or state tax credit agencies," he pointed out. "They're all extremely busy. In the industry there's a lot of help people give each other. I'm very close with most of the other software companies. We feel free to ask each other questions and run things past each other. This is unusual in an industry."

His work is also never dull. "There's always more to do than you could ever possibly do," he said.

"I like being able to learn from people's different perspectives, to hammer out with HUD staff which direction to go and to implement major changes," he said. All of which sounds pretty Zen, when you come right down to it. **NN**

Bringing CPA Skills to Bear on an AHMA and at NAHMA

AS CHIEF FINANCIAL OFFICER of one of the largest property management companies in Southern California, Michael Drandell has his fingers in almost everything that goes on in the company: financing, refinancing, sales, collecting, reviewing and disseminating financial information, risk assessments and much more.

"What I like best is when we're buying stuff or selling stuff," Drandell said, "and when we are working on new, interesting and different properties."

FROM CONTROLLER ON UP

Drandell's approach to his work is from the standpoint of a certified public accountant (CPA). After graduating from California State University, Northridge, he began his career at NSBN LLP, a local Beverly Hills CPA firm specializing in real estate and the entertainment industry. There for nine years, he obtained his CPA license and worked his way up the company ladder.

One of the firm's clients was G & K Management Co., Inc., which was looking for a controller. Drandell joined G & K in 1995 and again worked his way up the ladder, becoming an expert in property management along the way. G & K has a diverse real estate portfolio, with government-subsidized multifamily complexes comprising over a third of their real estate assets. The balance of the portfolio consists of conventional apartment properties, small craft marinas, congregate care facilities, commercial/industrial buildings, and for-sale housing.

G & K's owners and senior managers were involved in the creation of the first AHMA (the AHMA of Southern California, which became AHMA Pacific Southwest, or AHMA-PSW), which then was principally responsible for creating the National Advisory Council, one of the precursors of NAHMA. "Our partners are still very much involved in AHMA, and they have always wanted somebody within the company to make sure G & K stayed involved," Drandell said. "The AHMA board also wanted younger people involved, so I was happily volunteered."

Drandell took his CPA background and began applying it to the local AHMA. He served on the finance committee as well as the seminar committee where he created and chaired the finance subcommittee. As the AHMA-PSW treasurer, Drandell's goal was to make the nonprofit more profitable and work to insure there was consistency in financial reporting across years, as well as making individual trainings profitable. "We basically changed the structure of how finances were reported," he said.

AHMA-PSW has what Drandell jokingly refers to as the "six year plan" for its top leadership, wherein the incoming president-elect shadows the current president for two years, then serves as president for two years, then as past-president for a final two years. Drandell became president in January 2010. As such, he chairs all boards and committees. He is also a member of the AHMA-PSW Foundation, which raises and distributes scholarship funds to residents of AHMA-PSW member companies.

FOCUSING ON OUTREACH

Drandell and the AHMA board are looking to increase outreach to the AHMA's outlying areas, including, Nevada, Arizona, and central California. "We held our first state seminar meeting in Arizona in February and it was a huge success," he said. "I credit my Arizona director and the AHMA past presidents for that. Next year we're planning on making it a two-day seminar as well as doing a Nevada state seminar in Las Vegas. It'll be a busy 2011."

Drandell's duties as president also place him on the outreach and advocacy committees, which are trying to have the AHMA work more directly with local regulatory agencies. "We're looking forward to when HUD's new contract administrator is selected for Southern California and Arizona so we can continue to work closely with them and continue to advocate for the benefit of our members," he said.

STEPPING ONTO THE NATIONAL STAGE

As AHMA-PSW president, Drandell has begun to attend all the NAHMA meetings. He said he is "very impressed with the other AHMAs and what they have done."

"I'd heard of NAHMA and knew what they were doing," he said. "But when you go to these meetings and meet your peers from the other AHMAs, it's very impressive." He now serves on NAHMA's financial committee, again bringing his experience as a CPA with a solid background in affordable multifamily housing to the fore.

"This is a new arena for me and I'm looking forward to being an asset on the national level," he said. **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.

JUNE

14–16
CPO
Jackson, MS
Betsy Smith, SAHMA
(800) 745-4088

16
REAC
Atlanta, GA
Betsy Smith, SAHMA
(800) 745-4088

17
Intermediate Tax Credit
Memphis, TN
Betsy Smith, SAHMA
(800) 745-4088

Occupancy Course III
TX
Michael Alexander, AHMA ET
(713) 988-4426

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

22
RI Monthly Meeting
RI
Julie Kelliher, NEAHMA
(781) 380-4344

23
Fair Housing Course (FHC)
RI
Julie Kelliher, NEAHMA
(781) 380-4344

23–26
NAHMA and NAA Co-located Summer Meeting and Conference
New Orleans, LA
NAHMA (703) 683-8630, ext. 12

24
Advanced EIV
Atlanta, GA
Betsy Smith, SAHMA
(800) 745-4088

25
Special Claims Class
Salem, OR
Maggie Meikle, Oregon AHMA,
(503) 357-7140

JULY

7
Basic Occupancy
MA
Julie Kelliher, NEAHMA
(781) 380-4344

7–9
CPO
Columbia, SC
Betsy Smith, SAHMA
(800) 745-4088

13
Industry Changes/Hot Issues
Boston, MA
Julie Kelliher, NEAHMA
(781) 380-4344

14
Assets 101/201
Worcester, MA
Julie Kelliher, NEAHMA
(781) 380-4344

Advanced EIV
Georgetown, KY
Betsy Smith, SAHMA
(800) 745-4088

15
Risk Management/Site Emergency Preparedness
TX
Michael Alexander, AHMA ET
(713) 988-4426

MOR Refresher
Salem, OR
Maggie Meikle, Oregon AHMA
(503) 357-7140

20
Bay Queen Cruise
Bristol, RI
Julie Kelliher, NEAHMA
(781) 380-4344

28
Kids Day Event
MA
Julie Kelliher, NEAHMA
(781) 380-4344

AUGUST

4
LIHTC File Audit
Worcester, MA
Julie Kelliher, NEAHMA
(781) 380-4344

10
Management Occupancy Review
Grand Rapids, MI
Audra Garrison, MAHMA
(888) 242-9472

10–12
Certified Professional of Occupancy (CPO)
North Shore, MA
Julie Kelliher, NEAHMA
(781) 380-4344

17
Basic Tax Credit
Worcester, MA
Julie Kelliher, NEAHMA
(781) 380-4344

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

19
CT Monthly Meeting
CT
Julie Kelliher, NEAHMA
(781) 380-4344

Occupancy Course IV
TX
Michael Alexander, AHMA ET
(713) 988-4426

23–25
SAHMA Regional Conference
Atlanta, GA
Daria Jakubowski, SAHMA
(800) 745-4088

24
RI Monthly Meeting
RI
Julie Kelliher, NEAHMA
(781) 380-4344

25
COQ Submissions Due to NEAHMA
MA
Julie Kelliher, NEAHMA
(781) 380-4344

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

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

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

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

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

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

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PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword

BY DAN MURRAY, NAHP-e

Getting to Know You, Getting to Know All About Us

KRIS COOK, NAHMA'S EXECUTIVE director, and I have been traveling around the country meeting with the various AHMAs. I find this really exciting and informative, meeting the local members of NAHMA as well as the local HUD and state agency people.

As representatives of a national organization, it's great for us to visit places as diverse as California, New Jersey, Georgia, Idaho, Washington State, and many other places, not just for our receiving the local perspective on affordable housing issues, but for them to get the national perspective.

The feedback we get about our work is priceless, and it's instructive as we seek to improve our services to our members to learn how large, medium and small AHMAs deal with issues they face. Sometimes they face unique situations for their area of the country—for example, having different interpretations of rules and funding formulas. These visits give us tremendous insight into what's happening on the ground for our members, and I like to think our visits are beneficial to them as well.

We also find that putting a face on NAHMA for members who haven't in the past attended one of our national conferences inspires them to get more involved on the national level. And of course, any increase in the number of NAHMA members increases our effectiveness and impact on the Hill and with senior administrators at HUD, the IRS, Rural Housing and other agencies.

What is most exciting, though, is to find ourselves inspiring people to come to our meetings and see opportunities for their own growth and involvement in national issues affecting our industry. This upcoming meeting in New Orleans in June, held in conjunction with the National Apartment Association's annual meeting (see article on page 24), will be especially interesting for new NAHMA members as well as for members of long standing.

We think this partnership with NAA will engage the affordable housing community in new techniques while helping owners and managers of conventional properties understand what it is we are accomplishing in our multifamily niche—which mainly is to continue raising the bar on how affordable housing is developed and managed. Exposing the larger NAA membership to our Communities of Quality® Awards program alone should go a long way toward garnering more respect for the value of our work.

I therefore urge all of you to come to this meeting and represent the affordable housing industry in a way that will be completely new to many NAA members and guests there. We are evolving into a bigger player in the multifamily industry, and we want all of the AHMAs to be well represented among people we should consider our peers. We'll all have an opportunity to interact in ways that are mutually beneficial. I look forward to seeing you there. **NN**

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