

NAHMA News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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House, Senate Consider Funding Bills and CR

Funding bills for affordable housing for the upcoming fiscal year were moving through Congress but included problematic agency proposals that transition Project Based Section 8 (PBS8) contracts to a calendar year funding schedule and fail to provide full funding for those contracts.

On June 10, the House of Representatives passed H.R. 4745, the Transportation, Housing and Urban Development (T-HUD) Appropriations bill for fiscal year 2015. The legislation includes a total of \$40.3 billion for HUD, a decrease of \$769 million below the FY 2014 enacted level and \$2 billion below the Obama Administration's FY 2015 budget request.

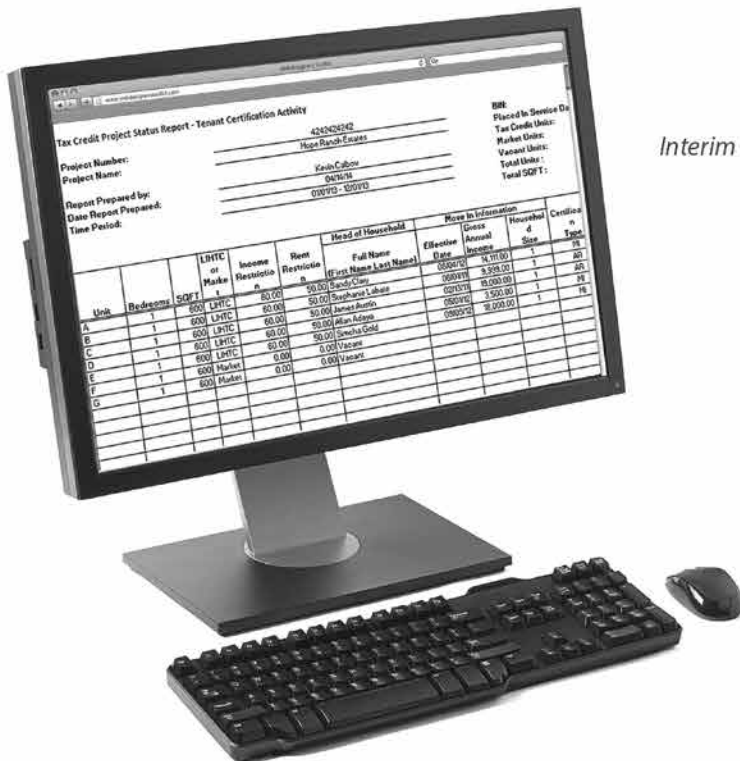
The Senate Appropriations Committee's T-HUD funding bill, S. 2438, released on June 3 after a 29-1 committee passage, provides \$45.8 billion for HUD. This overall program funding level is \$853 million less than the President's request and \$3.2 billion more than the FY 2014 enacted level.

The \$9.75 billion level in both appropriations bills coincided with HUD's budget request for the PBS8 program. That level falls \$170 million below the fiscal 2014 enacted level and is also more than \$2 billion short of the \$11.9 billion needed to fully fund contracts upfront at the time of renewal in FY 2015.

continued on page 4



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Staying in the Vanguard of Affordable Housing

IF EVER I GET DISCOURAGED BY the seeming lack of understanding of and appreciation for affordable housing providers, I only have to turn to the winners of our annual Vanguard Awards to be reminded of the excellence and innovation that is taking place in our industry. It is award-winning properties such as these that we showcase to skeptics to demonstrate the remarkable communities and homes that are being provided to Americans of modest means across the country.

This year, outstanding partnerships were formed to do what is so very difficult. That is, find the financing for new construction or major housing rehab at a time of federal cutbacks and stretched or overstretched local and state budgets. Create public-private partnerships where none existed before. And persist regardless of barriers that, for the fainter of heart, could stop a project in its tracks.

A quick review of this year's Vanguard Award winners demonstrates all this and more. (See story on page 17.)

STRONG TEAMS, OUTSTANDING RESULTS

Hunters View, a public housing site—said by HUD in 2009 to be the most dilapidated in the country—was revitalized, transforming the San Francisco neighborhood around it. With funding from the Hope VI program gone, the development team and the city created a unique funding mechanism while securing a highly competitive \$30 million state grant. The struggle for financing didn't cause the development team to hold back on creating a property that is attractive, green and full of services for residents.

A smaller but no less significant

development at the **Village at Westerly Creek** (VWC) in Aurora, Colo., resulted in the radical re-invention of 40 public housing units formerly on its site. The Housing Authority of the City of Aurora had to overcome setback after setback, but they persisted. With the help of tax credits, HOME, CDBG funds and Section 8 vouchers, these old units are now 55 new, well-designed and highly energy efficient units, with amenities any apartment dweller would envy.

Hudson Oaks won the Vanguard Award for Major Rehab on the site of a formerly unattractive grey eyesore. Abode Communities transformed the site into a vibrant, affordable senior development. The developers went above and beyond what one thinks of as "green," resulting in savings for both the owner and the residents.

Rehabbing a historic structure typically means dealing with lead-paint abatement, structural issues and more, which was the case at **Loft Five50** in Lawrence, Mass. There the development team took an old mill and turned it into 75 units of housing, keeping such features as large windows and exposed brick and rafters.

THE PROOF IS IN THE RESULTS

When I look at what these affordable housing providers—like so many others—are able to do with limited resources, I can't believe we have to convince Congress or anybody else that this is a good investment for our country. Kudos to all the winners of this year's Vanguard Awards. Let's continue to show those leaders on Capitol Hill what being on the vanguard looks like. **NN**

Kris Cook is Executive Director of NAHMA.

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The Senate has yet to vote on S. 2438. If the bill does move forward, NAHMA has asked various Senators to make a statement regarding the PBS8 provisions in the bill. NAHMA will continue to monitor the progress of S. 438 as well as H.R. 4745. Before either bill becomes law, the House and Senate would have to reconcile the differences between the separate bills.


However, at press time, Congress-

dar year funding cycle for all PBS8 contracts. Under this approach, HUD would begin aligning contracts to a new January 1-December 31 funding cycle in FY 2015 and would convert all PBS8 renewals to this cycle in FY 2016.

HUD and the Administration believe that a calendar year schedule will minimize fiscal-year-end funding disruptions and that it would lead to

would then face additional funding cuts.

The House T-HUD Committee and the Senate Appropriations Committee reports both recognize the limitations of the PBS8 provisions, while still directing HUD to proceed with the transition. The T-HUD report urges HUD to “accurately reflect the twelve months of funding required to support the new approach in its annual budget request for FY 2016.”



HUD and the Administration believe that a **CALENDAR YEAR** schedule will **minimize** fiscal-year-end funding **disruptions** and that it would lead to consistent 12-month funding in FY 2016 and beyond. Under a calendar-year-funding schedule, **ALL CONTRACTS** would be **funded once on January 1** regardless of the contract's anniversary date.

sional leaders had begun to signal the likelihood that instead of considering and passing individual spending bills, they might use a continuing resolution (CR) to fund government programs at the outset of FY 2015, which begins Oct. 1. The CR would provide funding at FY 2014 levels.

Meanwhile, for rural housing programs, the House on June 11 began consideration of H.R. 4800, the fiscal 2015 Appropriations bill for Agriculture, Rural Development, and Other Agencies. However, at press time, the House had not finished deliberation of the bill. During the first debate, numerous amendments were introduced but none related to USDA Rural Housing Service programs. The Senate Appropriations Committee bill (S. 2389) was released on May 22.

PROJECT-BASED SECTION 8

The PBS8 funding cut contained in the House and Senate appropriations bills reflects the adoption of a calen-

consistent 12-month funding in FY 2016 and beyond. Under a calendar-year-funding schedule, all contracts would be funded once on January 1 regardless of the contract's anniversary date. Renewal anniversary dates will still fall throughout the year.

NAHMA remains skeptical of the benefits of altering the contract renewal cycle and strongly opposes any cuts to the Project-Based Section 8 program. According to a recent NAHMA Analysis, the major risks HUD faces with this fiscal strategy are:

- An assumption that Congress will fully fund the PBS8 program in FY 2016 after the transition to calendar year funding is complete.
- Lack of contingencies if Congress fails to provide full funding for 12 months of renewals, which could potentially lead HUD to prorate funding or stop making contract payments.
- A possibility that sequestration may resume in FY 2016. Most affordable housing programs, including PBS8,

The Senate panel's report says the committee “recognizes that this strategy temporarily defers the need for large budgetary increases to fiscal year 2016. Unfortunately, due to the budget constraints for fiscal year 2015, the Committee accepts this approach as the best option for preserving HUD's housing assistance programs.”

HOUSE, SENATE HUD AMENDMENTS

In the House, close to 70 amendments were introduced for the T-HUD bill but only a select few related to affordable housing programs were adopted. In the full Senate Appropriations Committee markup for S. 2438 on June 5, only two amendments related to transportation programs were introduced. Neither the chair's nor the ranking member's opening remarks mentioned the PBS8 appropriation.

Rep. Maxine Waters (D-CA), the ranking member of the House Financial Services Committee, successfully offered an amendment which codifies

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the agreement between the Appropriations Committees and HUD to hold off on the consolidation of Multifamily Asset Management field offices.

The Multifamily Transformation Initiative had called for consolidation of some 50 multifamily field offices into 12. The Waters amendment says, “None of the funds made available by this Act may be used to require the relocation, or to carry out any required relocation, of any asset management positions of the Office of Multifamily Housing of the Department of Housing and Urban Development in existence as of the date of the enactment of this Act.”

In early April, HUD announced that it would move forward with all aspects of its Multifamily Transformation Initiative except for consolidation of its asset management field staff.

The Senate Appropriations Committee report that accompanies S.2438 says, “The Committee recognizes that HUD still intends to continue to pursue a broader consolidation. However, the Committee directs HUD not to make any changes to the approved plan in fiscal year 2015.”

In addition, the report directs HUD to inform the House and Senate appropriations committees on the progress of the reorganization, including “any issues identified with the initial waves of the transition, how such changes are affecting program oversight and delivery, and any adjustments that HUD plans to make based on lessons learned.”

CONCERNS WITH RD BILLS

Both of the House and Senate bills’ Rental Assistance figures are below the fiscal year 2014 enacted level, but lawmakers have stated that both amounts will be sufficient to renew expiring rental assistance contracts in fiscal 2015. The Senate Appropriations Committee noted that its bill will “allow almost 245,000 very low-

income, rural residents to continue to live in affordable rental housing.”

The House and Senate have adopted the President’s request to eliminate the automatic renewal of rural rental assistance contracts that occur within the 12-month contract period. NAHMA advocates that 12-month funding must be provided to prevent short-funding of contracts.

In addition, the slated \$28 million for the RD Multifamily Revitalization program, including \$8 million for rural housing vouchers, is well below the fiscal 2014 enacted level. In

testimony submitted to the Senate and House Appropriations Subcommittees on Agriculture and Rural Development, NAHMA urged the members to carefully consider whether \$8 million will be sufficient to meet the demand for these vouchers.

NAHMA will continue to follow Senate and House actions on HUD and RD fiscal 2015 appropriations. See *NAHMA Analysis* (2014-0613) for more details and background on the 2015 appropriations decisions and visit NAHMA’s members’ portal regularly for updates. **NN**

BY THE NUMBERS

	Project-based Section 8	Tenant-based Section 8	HOME	Section 202	Section 811	Community Development Block Grant
House Bill H.R. 4745	\$9.75 billion	\$19.35 billion	\$700 million	\$420 million	\$135 million	\$3 billion
Senate Bill S. 2438	\$9.75 billion	\$19.56 billion	\$950 million	\$420 million	\$135 million	\$3.02 billion
FY 2015 Budget Request	\$9.75 billion	\$20.05 billion	\$950 million	\$440 million	\$160 million	\$2.80 billion
FY 2014 Enacted Level	\$9.92 billion	\$19.18 billion	\$1 billion	\$383.5 million	\$126 million	\$3.03 billion

	Section 515	Section 521 Rental Assistance	Section 538 (Loan Level)	Revitalization and Rural Housing Vouchers
Senate Bill S. 2389	\$28.43 million	\$1.09 billion	\$150 million	\$28 million \$8 million (RHVs)
House Bill H.R. 4800	\$28.40 million	\$1.09 billion	\$150 million	\$28 million \$8 million (RHVs)
Budget Request	\$28.43 million	\$1.09 billion	\$150 million	\$28 million \$8 million (RHVs)
FY 2014 Enacted Level	\$28.43 million	\$1.11 billion	\$150 million	\$32.57 million \$12.58 million (RHVs)



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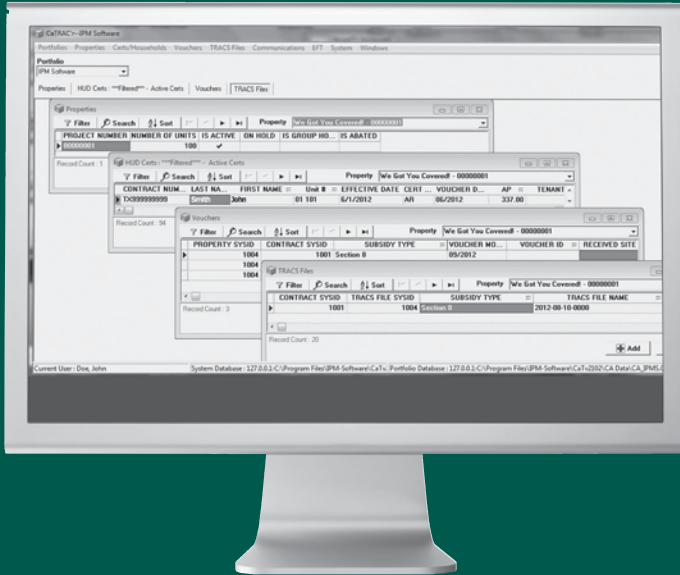
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Only You Can Unstick Congress!

NOT TO BE OVERLY CYNICAL, BUT observing Congress these days is like watching a truck get itself stuck in the mud and then proceed to spin its wheels. Both scenarios feature lots of wasted energy and lots of flying mud (or mudslinging), but nothing moves.

At press time, the appropriations process is stalled again. As well, bills to reform the Government Sponsored Enterprises (GSEs) have been reported from the appropriate House and Senate committees, but no floor action has been scheduled in either chamber.

There are many reasons for the legislative logjam. These days, the most popular reason for bills to languish in the Senate is failure of the Democrat Majority and Republican Minority to agree on the amendment process—how many can be offered, whether they are germane to the bill, etc. In the absence of such agreement, or 60 votes to end debate, bills can be indefinitely filibustered.

On the House side, amendments are only to blame to the extent that they make the bills unacceptable to the Senate. Sometimes bills passed by one chamber stand no chance of being considered in the other because of the substance of the underlying bill—regardless of amendments.

All things considered, though, let's not ignore the obvious. Mid-term elections are scheduled on November 4, and Congress has a time-honored tradition of creating gridlock in election years.

WHAT YOU CAN DO

NAHMA strongly urges members to take advantage of any opportunities to meet with U.S. Senators and Representatives

when they are back in their districts this August. If your schedules don't align, please at least take the opportunity to begin building a relationship with lawmakers' legislative assistants for housing.

NAHMA's Grassroots Advocacy Toolkit webpage is your one stop for the information you will need to plan your meeting. This webpage http://www.nahma.org/content/grassroots_toolkits.html will help you:

- Identify the Senators and Congressmen or Congresswomen who represent your properties;
- Learn how many affordable properties, broken down by HUD, RD or LIHTC program, are in each member of Congress's district;
- Understand the do's and don'ts of grassroots advocacy;
- Set up a meeting with a member of Congress and/or his or her staff; and
- Prepare for your conversations with links to urgent grassroots issues and policy papers.

Also on this site you will also find short videos produced by The Congressional Management Foundation. These webinars offer user-friendly explanations about:

- Building relationships with lawmakers;
- Increasing your chances of getting a meeting with elected officials; and
- Influencing undecided lawmakers.

Once you've learned which Senators and Representatives represent the sites in your portfolio, it's time to take action!

Let your members of Congress know that affordable housing programs are important to you. Contact those offices and ask for the names of the housing policy staff. Share your concerns about affordable housing with them through e-mail

and phone conversations. Always request a follow-up response explaining the Senator or Representative's position.

Make an appointment to visit your elected officials to help them understand why quality rental housing should also be important to them. Contact each office to determine the preferred method for requesting a meeting (some use webforms, some ask for a formal letter e-mailed or otherwise sent to the scheduler). When you talk with members of Congress and their staff, direct them to the NAHMA Maps Affordable Housing Search Engine (see <http://nahma.apartmentsmart.com>), and provide a copy of the summary pages for their districts. NAHMA Maps provides visual and statistical information about the number of affordable properties in a congressional district, the programs which support the developments and other helpful information.

Invite members of Congress to your properties to meet your site staff and residents. Your residents are their constituents! It is important to connect federal programs with the properties and quality of life of their constituents. Don't be afraid to brag about the excellent housing you provide!

Keep your explanations simple. Be specific about what you are asking the member to do. Make your case in the most succinct and simple terms possible. Technical jargon will confuse the member and his or her staff rather than impress them.

As always, NAHMA staff is here to help. If you would like assistance setting up an appointment or preparing for your meetings with members of Congress, please contact Scott McMillen at scott.mcmillen@nahma.org. **NN**

Michelle Kitchen is Director of Government Affairs for NAHMA.

Training is Everything

WITH MANAGEMENT AND Occupancy Reviews (MORs) poised to make a comeback, the continued building/rehab frenzy with the Housing Credit program, and the unique multi-layered programs required to make a Housing Credit deal work, the need for well trained staff is at an all-time high.

The baby boomers who hold years of knowledge of the intricacies and nuances of HUD and IRS programs are moving into retirement age, just as the demand for their skills are peaking.

Management companies are pressured to find the most comprehensive training programs available to ensure that properties make cash flow targets, produce an excellent resident experience to reduce turnover and, most importantly, protect the owner's investments and ensure the viability of every tax credit dollar.

The best approach may be right in front of you.

Take a minute to look at your business card and/or email signature block. Do you have the letters NAHP after your name? Are you aware that NAHP is the only professional certification program with stringent requirements dedicated solely to recognizing and promoting achievement of the highest possible standards in affordable housing management?

Is the NAHP certification required of your affordable housing staff? Let's take a minute to review the requirements of this program:

EDUCATION EQUALS COMPETENCY

For candidates working with HUD housing programs, successful completion of the NAHMA Certified Professional of Occu-

pancy (CPO) course and rigorous exam leading to CPO certification is required.

For those working with Housing Credits, receipt of the Specialist in Housing Credit Management (SHCM) certification is required. This certification requires a minimum of two years' work experience, at least 12 hours of Housing Credit-specific course work, and successful completion of the SHCM exam, as well as a commitment to a defined professional Code of Conduct

For candidates working with HUD and IRS programs, both the CPO and SHCM are required.

In addition, candidates must complete a nationally recognized property management designation that is made up of a minimum of 40 hours of training such as the Institute of Real Estate Management's Certified Property Manager (CPM) or Accredited Residential Manager (ARM) certifications, the NAA's Certified Apartment Manager (CAM) certification, the National Association of Homebuilders' Registered in Apartment Management (RAM) certification, or completion of 40 hours of alternative apartment management training provided by local AHMAs

To round out the educational requirements, candidates must receive the NAHMA Fair Housing Certification (FHC), which is awarded after successful completion of comprehensive and practical training on the enormously complex and far reaching Fair Housing Act and 504 regulations.

EXPERIENCE IS A MUST

All candidates must accumulate a minimum of two years of experience in affordable housing, functioning as a site

manager, assistant manager, occupancy specialist, leasing consultant, or equivalent position(s).

CODE OF CONDUCT

Each NAHP awardee must:

- Exercise the highest level of integrity and professional conduct;
- Exercise reasonable compliance with all federal, state and local laws and regulations and maintain professional standards;
- Provide equal employment and housing opportunity to any person no matter their race, color, religion, sex, familial status, national origin, age, handicap and any constitutionally protected class; and
- Professionally manage properties.

EDUCATION ANNUALLY

A minimum of 10 hours of annual continuing education is required to maintain the NAHP certification.

Training delivery methods are keeping up with the times—webinars, self-directed on-line training modules, learning management centers, multilingual offerings and more!

Check out the educational offerings of your local AHMA (go to NAHMA.org and click on AHMA contacts in your area for a complete list.)

The affordable housing industry is a noble and worthy profession. Let's start everyone off on the right foot, having them trained the right way the first time, to stay on top of the ever-increasing requirements of HUD, the IRS, and state and local agencies. **NN**

Karen J. Newsome, NAHP, CPO, SHCM, is Vice President of Compliance for WinnResidential, Boston, MA.



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Proposed RCS Data Approach Problematic

HUD's proposed use of raw census data as a comparison of proposed renewal rents established by an owner-contracted Rent Comparability Study (RCS) for the purposes of determining whether a second HUD-contracted RCS is warranted is drawing skepticism from NAHMA and industry colleagues.

HUD announced the proposed change to the Section 8 Renewal Policy Guide by saying that "... market rent estimates, as determined by an owner's RCS, are often higher than market rent estimates. ... In May 2012, the Department issued new guidance to require appraisers to provide additional justification if the gross rent potential in the RCS exceeded 110 percent of the Fair Market Rent (FMR) in rural areas or the Small Area Fair Market Rent (SAFMR) in urban areas."

After industry feedback and internal discussion at HUD, the department proposed a revised benchmark—"median gross rents, as determined and as published by the United States Census Bureau or some other comparable source"—noting that HUD "believes the most reliable benchmark is a market-based, rather than a FMR-based, measure."

If RCS rents exceed 110 percent of the median rents for the zip code area, HUD's new guidance would require a comparison of the rents in the RCS to the market-based benchmark. "Should this be the case," wrote the Department, "HUD will order a third party RCS and undertake a comparison of the RCSs."

In its joint response to HUD's proposed revision, the industry group said, "Our organizations oppose using the benchmark as proposed. Median gross rents, as determined and published by the Census, do not reflect market conditions because they are based on outdated information and are not adjusted for inflation.

"We strongly believe that HUD's

costs will rise due to the number of RCSs that will be triggered by the proposal to require an RCS when the market rent proposed by the property owner exceeds 110 percent of the median gross rent for that zip code," an opinion bolstered by third-party statistical research commissioned by the group.

The industry organizations also objected to HUD's proposed elimination of an owner's ability to appeal and to review HUD's RCS. "If the objective is to preserve housing, it is important that the rent established be a true comparable market rent," said the group's letter. "The lack of due process suggests that HUD is attempting to force rents that are below the comparable market."

HUD may be overlooking the "not uncommon" flaws in appraisals, such as square footage errors and transposition errors. If HUD successfully expands the "no appeal" policy in Option 1 (mark up to market), a flawed RCS study by either appraiser could "result in a significant rent reduction that would threaten the viability of the property."

Instead, the group suggested, the owner should be allowed to compare the HUD-contracted RCS to the owner's study and, if large discrepancies exist, permit both appraisers to discuss their results with the goal of finding accurate results.

DISPUTED RESEARCH METHOD

NAHMA and its colleague organizations focused on the use of Census data as a flawed foundation for the RCS determination—specifically the use of unadjusted gross median rent data by zip code from the American Community Survey (ACS)—for reasons that include:

- Lack of timely data and adjustments, which will result in non-inflation-adjusted rent comparisons. These comparisons will be "based on rent data two

to six years old, which will be virtually three to seven years old by the time new 5-year ACS estimates are available."

- No Guidebook instructions for dealing with unavailable median rents by zip code, and no process for reflecting high rents due to the way the American FactFinder (Census' data output tool) reports out data. American FactFinder reports out median gross rents over \$2,000 as "\$2,000+." "For some high-cost areas," said the group, "that number could be significantly higher than \$2,000 per month."

- ACS delivers tenant-reported rents, which may not represent asking rents. Since tenants may have lower rents as a result of a long tenancy in the unit, their rent "could be significantly lower than the unit would rent for if it were on the market as a vacant unit," according to the group.

The Guidebook tables aggregate median gross rents regardless of unit type or size, so that "a studio apartment's rent and a five-bedroom single-family house's rent would be given the same weight," said the group. Although studies could "theoretically" separate units and adjust the data, the "Guidebook eschews such complications by simply specifying the broadest possible measure of median rent based on units in all types of structures—including manufactured housing, recreational vehicles, those that lack complete plumbing or are otherwise physically inadequate, and those receiving any form of government subsidy."

The 110 percent benchmark lacks a "statistical rationale," based on research commissioned by the industry group. Use of the 110 percent benchmark would likely trigger many HUD-commissioned third-party RCSs.

The study by MPF Research, a private provider of data on apartment market conditions, suggests that 140 percent is "likely a more reasonable benchmark.

In high-cost markets, it may be necessary to establish a different benchmark.”

MPF’s analysis found that “rents available in the private market are different from the rents reported in the ACS. For many of the metro areas, a significant number has a difference of 10 percent or greater, meaning that they would exceed the 110 percent benchmark set forth in the Section 8 Guidebook.”

Although the industry group acknowledged that HUD’s proposal is “conceptually a good faith effort to devise a benchmark,” the group said the flaws in the methodology may result in problems for property owners as well as HUD. “If HUD proceeds with using this benchmark, however, we predict that HUD-contracted RCSs will be the norm and not the exception,” said the group. “We are not aware that HUD has the resources to pay for such a high number of RCSs or to review them.”

Instead, the group recommends that HUD consider:

- A benchmark of 140 percent of ACS data.

- Comparisons of actual rents from comparable properties used for the last 10 years, trended. This “optimal” idea would take rent data records from HUD and owner appraisers and compile a database for the HUD field offices’ comparison work.

- An interim approach the group called the “five percent test” for deciding if a second RCS is needed. The trigger is pulled if the owners’ RCS shows a proposed rent at five percent more or five percent less than the current rents for that particular project. At that point, HUD could decide to contract for a second RCS.

The industry group also raised concerns about HUD authorizing field offices and contract administrators to make their own worksheets for RCS reviews rather than use a universal checklist. In addition, the group asked

that HUD change the “effective immediately” nature of finalized changes to allow a “reasonable time for implementation,” such as 90 days for properties starting the renewal process and the current rules for properties already in the process.

While most of the industry’s concerns centered on the RCS benchmarking issue, the group also commented on:

- A concern that HUD “would deny or condition HAP [Housing Assistance Payment] renewals for fair housing or 504 charges/complaints that have not been adjudicated,” per the revision’s Chapter 2-3 (C.2).

- Restatement of policies (such as Real Estate Assessment Center policies) in Chapter 12 that are adequately covered elsewhere, since this repetition could create additional confusion and difficulty in keeping all applicable guidance up to date. **NN**



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Fifth Year of Vanguard Awards Highlight Innovation

For the fifth year, NAHMA had outstanding submissions for its annual Vanguard Awards, and the winners were announced in June. These awards recognize newly developed or significantly rehabbed affordable multifamily housing communities that showcase high quality design and resourceful financing.

The excellence exhibited throughout these multifamily developments belies the notion that affordable housing cannot be assets to their communities. Vanguard Award winners deliver powerful proof that affordable housing done well can transform neighborhoods as well as the lives of individual residents.

The award:

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

There are four winners in three categories of the 2014 Vanguard Awards. They are:

VANGUARD AWARD FOR NEW CONSTRUCTION: Large Property (over 100 units)—Hunters View, San Francisco, CA. Management Company: The John Stewart Company; Owner: San Francisco Housing Authority, San Francisco, CA

Small Property (under 100 units)—Village at Westerly Creek (Building 1), Aurora, CO. Management Company: The Housing Authority of the City of Aurora; Owner: VWC1, LLLP, Aurora, CO

VANGUARD AWARD FOR MAJOR REHAB OF AN EXISTING RENTAL HOUSING COMMUNITY: Hudson Oaks, Pasadena, CA. Management Company and Owner: Abode Communities, Los Angeles, CA

VANGUARD AWARD FOR MAJOR REHAB OF HISTORIC STRUCTURE: Loft Five50, Lawrence, MA. Management Company: Winn Managed Properties, LLC; Owner: MM Lawrence Limited Partnership, Boston, MA

The judges of this year's Vanguard Awards were distinguished NAHMA members from across the country: Jim McGrath, President, PRD Management, Pennsauken, NJ; Michael Johnson, Executive Vice President, ALCO Management, Inc., Memphis, TN; Ron Burson, President, Gorsuch Management, Lancaster, OH; Steve Henderson, Chief Financial Officer, Wedge Management, San Antonio, TX;



HUNTERS VIEW



VILLAGE AT WESTERLY CREEK



VILLAGE AT WESTERLY CREEK

and Nancy Evans, General Manager, CSI Support & Development, Warren, MI.

HUNTERS VIEW revitalized one of the most dilapidated affordable housing projects in San Francisco and the country. Constructed in 1957 on the foundations of World War II Navy workforce housing, the units were never intended to be permanent. The vision for Hunters View included demolishing the existing 267 public housing units and creating up to 800 mixed-income housing units. The recently completed Phase I cost \$84 million and provides 107 units of housing. Hunters View is part of the broader HOPE SF initiative, which aims to revitalize the city's most dilapidated public housing. Selected in August 2005 to undertake the revitalization, the development team of Hunters View Associates, LP (HVA) includes Ridge Point Non-Profit Housing Corporation, The John Stewart Company, and Devine & Gong, Inc. With no significant federal financial support (once provided by the federal HOPE VI program), the local HOPE SF Program had to develop a highly innovative "Certificates of Participation" funding mechanism, and a highly competitive \$30 million Proposition 1C Infill Infrastructure Grant had to be secured from the California Department of Housing and Community Development. The city invested a significant amount into the project's funding and the team leveraged every possible source of financing, including government funds; tax credits; and philanthropic contributions. Hunters View is not only physically attractive, it incorporates numerous energy-efficiency and sustainability features, provides a new street grid system that improves resident and vehicle connections to the surrounding neighborhood, and offers numerous services to residents.

VILLAGE AT WESTERLY CREEK (VWC) is an affordable, sustainable, attractive, and radical re-invention of the 40 public housing units formerly on its site. VWC's residents are elderly, very low income and/or disabled. The Housing Authority of the City of Aurora, CO, which developed and manages the property, overcame major obstacles, including zoning restrictions, not displacing current residents in the

five buildings then on the site, correcting numerous site infrastructure problems, weathering disruptive changes on the part of the external project-development team, and the 2008 financial crisis that necessitated building only half of the units originally planned (the second phase is now under construction). Despite all setbacks, the project was completed as planned and on time. The predevelopment stages of the project were financed with proceeds from the sale of other scattered-site public housing. Once completely designed, the project was re-packaged into two phases to fit within the limits of Colorado's Low Income Housing Tax Credit program. Additional HOME and CDBG funds were secured from all three levels of local government (city, county and state), and needed construction and permanent mortgage financing was secured. Finally, after extensive discussions with HUD, arrangements were made to provide Project-based Section 8 vouchers to all tenants. Although the residents are of modest means, the amenities and finishing details of the 55-unit property are rich though not extravagant. In addition to attractive and energy-efficient interior design features, the property features 245 photo-voltaic (solar) panels on the roof which provide nearly 25 percent of the energy used.

HUDSON OAKS sits on the site of a formerly unattractive grey eyesore that had been rendered uninhabitable after a devastating fire in 2005. Abode Communities transformed the site into a vibrant, affordable senior development linked to the Washington Park community in Pasadena. In a high-priced area with a huge need for affordable housing, Hudson Oaks now offers 45 service-enhanced homes for seniors aged 62 and older. Abode Communities overcame significant financing challenges via a one-time infusion of \$7 million in federal stimulus funds and \$4.5 million from the City of Pasadena. Hudson Oaks opened its doors within budget and on time in March 2012. Hudson Oaks became the first development in the City of Pasadena to achieve a LEED® for Homes Platinum certification and employs a wealth of sustainable strategies and technologies. These include a bioswale and drainage system to retain all water on site; solar



thermal pre-heating combined with a central boiler system; a photovoltaic system to feed common area electricity; and a high-efficiency HVAC system. Abode Communities was also able to reuse 85 percent of the original building framing. The building's bulky, beige façade was replaced with a design whose aesthetic matches the rich architectural heritage of the neighborhood. The apartments are dramatically improved inside, as well as outside by the addition of private balconies and patios that provide seniors with direct access to fresh air and views as they enjoy the privacy and shade of the mature oak trees that were carefully preserved during construction. Abode Communities' management includes a full spectrum of services for residents.

LOFT FIVE50 is a thriving, mixed-income multifamily housing community transformed from a very large, abandoned manufacturing plant, Malden Mills Industries, in Lawrence, MA, one of America's first planned industrial cities. Loft Five50's 75 units include a 10-percent set-aside for residents at 30 percent of area median income (AMI), 85 percent at 60 percent of AMI and the remainder at market rate. The property features one-, two- and three-bedroom apartments averaging 1,600 square feet. Signature features include spacious layouts, large architectural windows, exposed wooden ceilings and quality finishes. Among the challenges the developers faced were shared utility connections between multiple buildings; the need to negotiate 26 easements; coordination of historical



National Park Service design guidelines and LEED design criteria; correcting structural issues caused by ground-penetrating brick culverts under the foundations; remediating lead paint; and making off-site improvements to surrounding buildings and common areas. Equity sources included state and federal Low Income Housing Tax Credits and Historic Tax Credits; HOME and Housing Stabilization Funds from the Massachusetts Department of Housing & Community Development; Affordable Housing Trust Funds from MassHousing; permanent financing from the MassHousing Partnership; and conventional construction financing from TD Bank. The Loft Five50 development was completed ahead of schedule and under budget. Management alleviated residents' security concerns with a fully secure envelope, electronic key card access, 24/7 camera surveillance, and random and live video patrols with voice-down capabilities. Operating costs are controlled thanks to resource sharing with other Winn-managed sites. Loft Five50 is an exceptional example of workforce housing that complements efforts to transform blighted neighborhoods into vibrant residential areas. **NN**

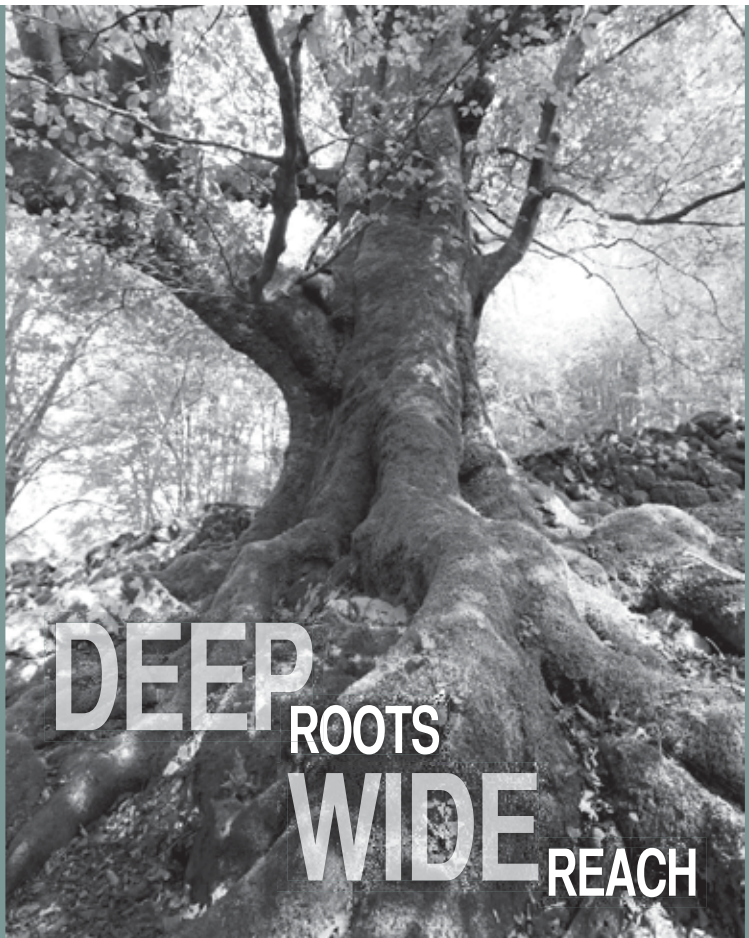
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Summer Meeting on Policy Issues Sizzles

HELD IN DENVER IN JUNE, NAHMA'S SUMMER MEETING was a hotbed of activity. Co-located with the National Apartment Association's (NAA) Education Conference & Exposition on June 17-21, 2014, the Public Policy and Issues Forum attracted NAHMA members nationwide.

In addition to its slate of regular committee meetings, the public policy forum was held as a town-hall meeting with guest panelists Ava Goldman, President, The Michaels Development Co., and Tom Slemmer, President and CEO, National Church Residences. The forum focused on emerging trends in providing affordable housing in both the for-profit and nonprofit arenas.

The keynote luncheon with speaker Noelle Pikus Pace, Sochi Olympics Silver Medalist, was inspirational, as was the Vanguard Awards Ceremony also held then. (See story on page 17.)

The NAHMA Educational Foundation Dinner and Fundraising Event pulled everyone together around the value of scholarships for members' residents, and over \$200,000 was raised for that program.

In addition, NAHMA presented four sessions at the NAA Conference, on housing credit reform, energy-savings solutions, new technology for maintenance professionals, and key federal legislative and regulatory issues.

NAHMA's next meeting will be its Regulatory Issues Forum, held October 26-28, 2014 (Sunday–Tuesday) at The Fairmont Washington in Washington, D.C. To register, go to www.nahma.org.



TOP: A view of the Colorado Convention Center in Denver, site of the NAHMA 2014 summer meeting.
ABOVE: Noelle Pikus Pace (on left), Sochi Olympics Silver Medalist, shares a smile and her medal with NAHMA President Gianna Solari.

continued on page 22

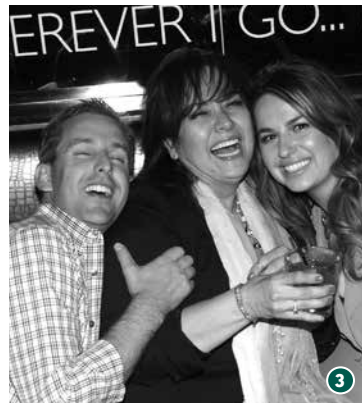


PHOTO 1: NAHMA Past President Michelle Norris presents on a panel of experts regarding the future of the LIHTC program during a NAHMA session at the NAA conference.

PHOTO 2: NAHMA Educational Foundation Chair Wayne Fox (on left) is joined by past recipients of the foundation's scholarship program at its fundraising event in Denver.

PHOTOS 3-6: Attendees at the NAHMA Educational Foundation fundraising event and NAHMA Kick-Off party enjoy the festivities.



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TOP: Participants at the NAHMA Educational Foundation fundraiser enjoyed a variety of activities at the event.

ABOVE: Former Denver Broncos star linebacker Karl Mecklenburg shares his sentiments on the great work being accomplished by the NAHMA Educational Foundation through its national scholarship program.

LEFT: NAHMA Educational Foundation Board Member Rob Willis, and Harry Bagot, both of TrashPro, pose with Denver Broncos cheerleaders.

NAHMA Continues Comments on Handbook

NAHMA continues to review and submit comments on the ongoing rewrite of the HUD Handbook 4350.1, *Multifamily Asset Management & Product Servicing*, focusing most recently on the chapters on Transfers of Physical Assets (TPA) (9.1) and Insurance and Loss Drafts (3.4).

HUD is issuing revised chapters to industry groups for comment as they are completed. In addition to this opportunity for comment, HUD has promised industry groups that they will have a chance to review and comment on the final and completely rewritten handbook once it is available.

In providing input, NAHMA coordinates members' and staff's comments and delivers them to HUD on a matrix developed by the department.

As expected, NAHMA's collected comments reflect the challenges of operating affordable housing in a resource-tight industry that is also weathering a series of policy changes.

A CLOSE LOOK AT TPA

The TPA chapter alone generated 49 separate comments to HUD from NAHMA. Nearly all pertain to specific points in the rewrite, such as inquiring why a Replacement for Reserves account analysis would be required as part of the physical inspection (under Section 9.1.6). "This analysis is more appropriately considered as underwriting criteria," NAHMA said.

Other specific comments cover handbook guidance and references on matters such as:

- Review of participants with a 35 percent or greater share and relation to risk (9.1.2 and 9.1.8);
- Definition of "property deficiencies" (9.1.2);
- The waiver of transfer fees that is limited to nonprofits (9.1.3); and

■ The impact of recent HUD reorganization and staffing actions on the agency's capacity to conduct reviews (9.1.4).

Certain policies in the TPA chapter will inhibit affordable housing preservation, according to members' comments. "Many of the transfer requirements are so burdensome and onerous that what used to be shared risks are now expected to be borne primarily by project owners," NAHMA. "Similarly, the pool of eligible transferees is significantly constrained. In a number of cases, it appears that HUD's approval will only be granted as

"If fewer qualified participants elect to become owners of HUD-assisted or use-restricted properties, HUD's preservation efforts may falter for a lack of responsible owners."

INSURANCE AND LOSS DRAFTS

The chapter on insurance and loss drafts generated 12 comments. These ranged from concerns on policies which require HUD's Secretary to be named as a joint payee and a HUD endorsement on loss settlement drafts to requirements for Terrorism Risk Insurance. Members also

"If fewer qualified participants elect to become owners of HUD-assisted or use-restricted properties, HUD's preservation efforts may falter for a lack of responsible owners."

a last resort in order to avoid foreclosure or loss of assisted units."

Sorting out the scope of TPA reviews provoked significant attention. "TPA review is inappropriate for HAP assignments and Use Agreements where properties lack FHA insurance," NAHMA pointed out. "Over the years, increasing numbers of field offices adopted policies treating HAP assignments involving uninsured properties the same or similar to modified TPAs.

"This occurred despite HUD's lower risk exposure when properties are uninsured. Chapter 9.1 appears to be HUD's first official declaration of a nationwide policy conflating Section 8 assistance contracts with FHA insurance coverage."

NAHMA said the negative and unintended ramifications of "imposing such intensive forms of review on such properties" may include a slow approval process and increased costs, "which could potentially drive away new prospective participants."

responded to issues such as:

- Raising the \$15,000 loss threshold and defining large losses as "generally between \$5,000 and \$15,000," even though a kitchen fire these days easily could create a repair cost in excess of \$15,000 (3.4.9);
- HUD's interest in lost revenue as opposed to having an interest in the cost of structural repairs (3.4.9); and
- Listing maximum deductibles for various policies as opposed to HUD encouraging "properties to have appropriate coverage" in a complex and forever-changing insurance marketplace that will determine maximum deductibles (Appendix 3.4.4).

In general, NAHMA members expressed concern that the chapter's specific insurance requirements—for example, minimum insurance and maximum deductibles—set the stage for the properties' policies to fall out of sync with the marketplace over time. Instead, the commenters recommend that mortgage documents be relied upon to set the insurance requirements as opposed to handbook requirements. **NN**

Senate Confirms Castro as Next HUD Secretary

Mayor Julián Castro of San Antonio, President Obama's nominee to replace HUD Secretary Shaun Donovan, was confirmed by the Senate in a 71-27 vote on July 9, 2014, with 18 Republicans supporting the 39-year-old, three-term leader of Texas's second-largest city.

Senate rules only require a simple majority of the full Senate to confirm a Cabinet nominee, so Castro's margin was ample. The Senate Banking Committee had voted 16-6 on June 25 to approve Castro's nomination.

On July 10, the Senate confirmed Donovan for the top role at the federal Office of Management and Budget (OMB). Donovan will take over the post from Sylvia Mathews Burwell, who was confirmed June 5 as next secretary of Health and Human Services. Donovan has led HUD since the beginning of the Obama administration.

The White House has termed Castro, whose twin brother is Rep. Joaquin Castro (D-TX), a "rising star ready for a national role." The Administration cited Castro's readiness for the big step to Obama's Cabinet based on his development leadership in San Antonio. Castro is credited with revitalization advances as well as "delivering results beyond urban revitalization," including:

- Generating urban core development through the "Decade of Downtown" initiative, including 2,463 housing units for downtown San Antonio by the end of 2014, sparking \$349.8 million in total investment;
- Bringing focus to the city's East Side, the only neighborhood in the country receiving each of the Promise Grant, Choice Grant and Promise Zone designations;

■ Creating jobs, including in alternative energy; and

■ Changing the city's educational trajectory and helping to create a "brain gain." San Antonio ranked second among the nation's 51 largest metros for its percent increase between 2008 and 2011 for residents 25 and older with at least a bachelor's degree.

In 2013, the U.S. Chamber of Commerce named San Antonio one of seven "enterprising cities" in America for its success in building a culture of business. The city also was ranked the best-performing local economy in the country by the Milken Institute in 2011.

At his June 17 hearing, senators questioned Castro on housing finance reform, including Fannie Mae and Freddie Mac; FHA stability and fiscal solvency; a HUD inspector general report in 2012 on San Antonio's misuse of federal Neighborhood Stabilization Fund money received from 2009 to 2011, which resulted in the city returning some federal funds; and similar subjects.

"The status quo is not in the best interest of Americans," he said in reference to the secondary markets. "The current conservatorship of Fannie and Freddie is not sustainable for the long term." However, he noted that housing finance reform requires "a balancing act. I know that there are concerns about access to credit."

Acknowledging that "the devil is in the details," he also remarked that HUD should "focus on outcomes, not only inputs. We shouldn't just track projects and dollars spent."

As OMB director, Donovan will be responsible for compiling the President's budgets for upcoming fiscal years. OMB is also responsible for reviewing the quality of agency programs and policies. **NN**

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Calendar's 28th Year Celebrates Music, Arts and Crafts

Join the Dance of Life: Celebrate Music, Arts and Crafts." This was the theme of NAHMA's annual poster/calendar contest promoting drug-free, positive and celebratory attitudes towards life, family and community.

Now in its 28th year, the calendar continues to inspire nearly 5,000 children, seniors and persons with special needs to submit their artwork to their local AHMA's in hopes of moving on to be judged as a national award winner and be featured in the annual calendar.

This year's grand-prize winner is Jennifer Lauzon, an eighth grader from Fall River, MA. Her artwork will appear on the cover of NAHMA's 2015 calendar. She will also receive a trip to Washington, D.C., for NAHMA's annual Fall meeting in October, as well as a scholarship of \$2,500 from the NAHMA Educational Foundation. Other national winners whose artwork will appear in the 2015 calendar receive scholarships of \$1,000 from the Foundation, which also awards Honorable Mentions \$100 scholarships.

The artwork was categorized by grade, with winners selected from each category (grades K-1, 2-3, 4-6, 7-9, 10-12, seniors and special needs residents). Only students can be selected for the grand prize.

Calendars may be ordered beginning in September 2014 by visiting NAHMA's website at www.nahma.org. Calendars cost \$5.50 and are a HUD and RHS allowable expense. **NN**

The following lists this year's national program winners, with their grades, property name, name of management company where they live, and AHMA that submitted their artwork:

GRAND-PRIZE WINNER

Jennifer Lauzon, Grade 8, Bay Village, Fall River, MA, First Realty Management, NEAHMA

NATIONAL WINNERS

Barbara Balogh, Senior, Laurelwood Apartments, Johnstown, PA, Improved Dwellings for Altoona, PAHMA

Kenneth Camacho, Special Needs, Winteringham Village, Toms River, NJ, Interstate Realty Management, JAHMA

Bianca Salcido, Grade 11, Strathern Park, Sun Valley, CA, Thomas Safran and Associates, AHMA PSW

Lizbeth Torres, Grade 5, Glenoaks Townhomes, Sylmar, CA, Alcole Properties, AHMA PSW

Winnie Mei, Grade 8, Charlesview Residences, Brighton, MA, Peabody Properties, NEAHMA

Alphonso Veasey, Grade 2, Chickasaw Place, Memphis, TN, Alco Management, SAHMA

Asael Lopez, Grade 3, Don De Dios Apartments, San Jose, CA, EAH Housing, AHMA NCH

Genesis Serrano Davila, Grade 1, Parque De Los Monacillos, San Juan, PR, Blanco Enterprises Corporation, SAHMA

Ciondra Craig, Grade 5, Winnsboro Arms Apartments, Winnsboro, SC, Southern Development Management Company, Inc., SAHMA

Zudarius Glass, Grade 5, North Hills, Meridian, MS, Interstate Realty Management, SAHMA

Kia Taylor, Grade 9, The Fairways Apartments., Worcester, MA, First Realty Management, NEAHMA

Bette Shapiro, Senior, Ocean Park Villas, Santa Monica, CA, G&K Management, AHMA PSW

Karla Davila, Grade 10, Laredo Manor Apartments, Laredo, TX, Housing & Community Services, Inc., SWAHMA

HONORABLE MENTIONS

Juanita Gallegos, Special Needs, Country Club Village Apartments, San Antonio, TX, Housing and Community Services, Inc., SWAHMA

Winifred LeVeris, Senior, Vittoria Square, Newberg, OR, Housing Authority of Yamhill County, OR AHMA

Jazmin Moreno, Grade 11, Fawn Ridge Apartments, The Woodlands, TX, BSR Trust, AHMA East Texas

Allina Mohammad Nadir, Grade 5, Village Park Apartments, Scranton, PA, Interstate Realty Management, PennDel AHMA

Imani Claiborne, Grade 6, Cross Creek, Portsmouth, VA, Community Housing Partners, Mid-Atlantic AHMA

Jamal Ali, Grade 8, Southpark Apartments, Columbus, OH, American Apartment Management, MAHMA

Shevonne Bivens, Grade 4, Council Groves Apartments, Missoula, MT, Tamarack Property Management, Rocky AHMA

NAHMA Recommends Improvements to HUD

In follow up to discussions held between NAHMA members and senior HUD staff at its March meeting, NAHMA has developed and sent HUD a set of recommendations for improvements in HUD's communication and service delivery during the Multifamily Housing Transformation Initiative.

In forwarding the recommendations to HUD, NAHMA noted that it "realizes that the asset management field office consolidation, which provided the context for NAHMA's service delivery recommendations, is on hold. However, we believe these comments represent sound business policies that should be implemented irrespective of whether there are further office closures and/or large scale staff relocations."

TIPS FOR IMPROVEMENT

NAHMA members' most frequent challenges when seeking assistance from their HUD field offices and/or Multifamily Hubs range from a lack of timeliness on callbacks from local HUD offices, to slowed action on requests to withdraw Reserve for Replacement funds, to inefficiencies in the Section 8 contract renewal process.

NAHMA's members recommended that HUD:

- Immediately create a contact list for each region, noting key HUD personnel. Make the list publicly available via a Web posting or other easily accessible means, and keep the list updated "in real time."
- Identify contact personnel for grievances or disagreements between O/A and HUD personnel.
- Return all calls and/or emails from O/As within 48 business hours, with respect for O/As' time zones and working hours.
- Acknowledge requests to pre-pay a mortgage, Affordable Fair Housing Marketing Plans (AFHMPs), Rent Comparability Studies, rent increase requests needing

HUD approval, and other submittals "with an e-mail and estimated timeframe for review or processing" and in accordance with handbook or policy guidance.

- Prioritize deadline-sensitive submittals.
- Reference "regulatory, statutory or handbook" sources when answering policy questions.
- Keep O/As informed of policy changes on a timely, consistent and thorough basis, regardless of HUD local office or contractor.
- Acknowledge an O/A request to withdraw Reserve for Replacement funds and act on it within 10 business days and let the O/A know if the request cannot be processed within 10 days. This timeline builds on existing policy for optional expediting of requests. Follow the 4350.1 Asset Management Handbook for guidance on a 30-day processing if the 10-day turnaround is not possible.

- Seek greater efficiencies in the Section 8 contract renewal process for O/As, HUD multifamily staff and PBCAs. Renewals must be completed within the 120-day period prior to the contract expiration date.

Of these items, NAHMA said the most frequently reported problem is lack of communication and responsiveness from local HUD offices. NAHMA's recommendations' letter also asks HUD to eschew "effective immediately" policy changes, arguing that "as the Department well knows, property managers must have a reasonable compliance period to update their own policies/procedures and train their staff."

NAHMA welcomes additional ideas from members on further HUD service and communications improvements and will continue to work collaboratively with HUD on these and future solutions. Ideas and comments should be sent to Government Affairs Director Michelle Kitchen at michelle.kitchen@nahma.org. **NN**

Record Year for NAHMA Scholarship Program

After receiving a record number of scholarship applications, the NAHMA Educational Foundation released the names of the 2014 NAHMA Scholars on June 18th during the annual Summer Meeting, held in Denver, Colorado.

Sixty-seven highly successful student residents were selected from a rigorous field of worthy applicants. This is the largest number of scholarship recipients ever selected in a single year. Each of the 67 scholars will receive a \$2,500 award for a total of \$167,500 to be awarded for the upcoming school year. The monetary total is also a single-year record for the foundation. In the program's eight-year history, the foundation has now awarded 338 scholarships worth more than \$519,000.

"The Foundation is extremely proud to be able to offer this much assistance to so many outstanding students living in AHMA member apartment communities across the country," said NAHMA Foundation Chairperson Wayne Fox at the meeting. "We set records this year with the number of scholarships granted and the total amount of money to be disbursed. We were also able to pass the half-million-dollar milestone for money awarded over the history of the program. The foundation is sincerely appreciative of all the donors who continue to support this wonderful program."

Students from 10 different AHMAs living in 20 different states, the District of Columbia and the U.S. Virgin Islands received scholarships. The foundation's scholarship program continues to make remarkable growth in its endeavor to assist student residents across the entire country, and 2014 is certainly a year of which to be proud! **NN**

REGULATORY WRAP-UP

EIV SYSTEM UPDATES

EIV SYSTEM UPDATE 9.7 WAS SUCCESSFULLY RELEASED on May 31, 2014, and is expected to be fully functional after the summarization run on June 7, 2014. Below are the new functionalities that have been added to Multifamily EIV. Any questions related to Multifamily Housing in EIV should be directed to the Multifamily helpdesk at 1-800-767-7588 or by email at mf_eiv@hud.gov.

EIV

INTERNET EXPLORER 10: EIV has been upgraded with the Internet Explorer 10 (IE 10) browser. Only IE 10 and previous version will work with EIV. Other types of browsers are not supported by the EIV System.

REPORTS: All reports that had mismatched project and contract names are corrected.

EIV—Income Information

INCOME REPORT: Income reports are now viewable for household members that have names greater than 19 characters.

INCOME DISCREPANCY REPORT: The results from the Reported Annual Wages and Benefits from EIV have been adjusted to show cents instead of being rounded off to zero.

EIV—HQs Management Reports

HQS MANAGEMENT REPORTS: When HUB, State or Servicing Center

EIV—Verification Reports

IDENTITY VERIFICATION REPORT—PENDING VERIFICATION REPORT: Printer friendly report had page break reformatted to eliminate waste.

EIV—Audit Reports

O/A CERTIFICATION REPORT: User is able to print full report now without

HUD NEWS

A NAHMANALYSIS THAT DETAILS SEVERAL PIECES OF LEGISLATION RELATING TO THE LOW-INCOME HOUSING TAX CREDIT (LIHTC) is now available at NAHMA.org. NAHMA has been advocating for permanent retention of the 9 percent minimum credit rate for new housing projects and for the establishment of a 4 percent minimum rate for acquiring existing housing for rehabilitation under any comprehensive tax reform discussion. Several bills have been introduced in both the Senate and the House that would achieve this goal, yet none have so far been passed into law. Other legislation has been proposed that would negatively alter the LIHTC, such as Rep. Dave Camp's draft tax reform package that would maintain the floating rate system and eliminate the 30 percent present value credit for acquisition. In general, comprehensive tax reform seems distant as lawmakers continue to have impasses over federal spending. Still, legislation introduced by Sen. Maria Cantwell (S. 1442) and Rep. Pat Tiberi (H.R. 2260) shows that there is some bipartisan support to make the minimum credit rates permanent.

AFTER COMPLETION OF A PUBLIC COMMENT PERIOD RESULTING IN REVISIONS TO FHA'S LOAN CLOSING DOCUMENTS, HUD'S OFFICE OF MULTIFAMILY DEVELOPMENT HAS PUBLISHED REVISED CLOSING DOCUMENTS. These are required for transactions that receive a firm commitment on or after August 10, 2014. The necessary documents are posted at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/mfhclosingdocuments. For a period of time (possibly up to two years for new construction loans to close), both the 2011 and the 2014 versions will be available to accommodate the loans that are closing under the 2011 documents (initial,

initial/final, final), for projects with firm commitments issued before August 10, 2014.

HUD'S OFFICE OF MULTIFAMILY HOUSING RECENTLY ISSUED THE FINAL SCHEDULE FOR IMPLEMENTATION OF THE TENANT RENTAL ASSISTANCE CERTIFICATION SYSTEM (TRACS) 202(D).

The schedule may also be found on NAHMA's website at www.nahma.org/member/New%20HUD%20Docs%202014/TRACS%20202d%20Implementation%20Schedule%20Public%20Notice_Rev%20kk.docx.

THE SECTION 8 RENEWAL FORMS WERE UPDATED BY OMB AND POSTED TO HUDCLIPS. HUD is currently working on upgrading fillable forms which will soon be posted for everyone's access. Until that time, use the new forms that are currently posted.

HUD RECENTLY RELEASED FREQUENTLY ASKED QUESTIONS (FAQS) AND BEST PRACTICES FOR INTRUSIVE TESTING AS PART OF CAPITAL NEEDS ASSESSMENTS. Housing Notice 2012-27 and Mortgagee Letter 2012-25 (ML) were published November 21, 2012. The Notice and ML addressed the need to implement risk mitigation measures and to align PCNA guidance for multifamily insurance programs. The Department has received questions and feedback from multifamily offices and industry partners on what constitutes intrusive testing, who can perform intrusive testing, and what systems in older buildings are primary concerns. As a result, the Department has developed a Frequently Asked Questions document to clarify the intent and address some of the common questions about intrusive testing, and to promote greater consistency in implementation of the Housing Notice/ML requirements. The FAQs can be found at www.nahma.org in the Members' Portal. **NN**

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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.

AUGUST

6
Basic Occupancy
CT
Julie Kelliher, NEAHMA
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www.neahma.org

13
Assets 101/201
CT
Julie Kelliher, NEAHMA
(781)380-4344
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14
REAC
RI
Julie Kelliher, NEAHMA
(781)380-4344
www.neahma.org

14-15
FHC
Oakland, CA
Jennifer Diehl, AHMA NCNH
(510) 432-2462
www.ahma-nch.org

20-21
SHCM 1 ½ Day Prep Course
MA
Julie Kelliher, NEAHMA
(781)380-4344
www.neahma.org

SEPTEMBER

10
Allowances & Deductions 101/201
CT
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www.neahma.org

15-16
AHMA NCH Annual Conference
CA
www.ahma-nch.org

16
Fair Housing On site Best Practices
CT
Julie Kelliher, NEAHMA
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18
Bed Bugs
MA
Julie Kelliher, NEAHMA
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SHCM 1 ½ Day Prep Course
MA
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23
504 Coordinator
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OCTOBER

2
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9
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14-15
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26-28
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Bringing Telecomm to Affordable Housing, Affordably

IT JUST DIDN'T SEEM FAIR TO Leo Delgado that people who lived in affordable housing communities didn't get the same good deals on cable, phone and internet services that other communities were able to leverage.

As president and chief marketing officer for Converged Services, Inc. (CSI), Delgado has been actively involved with the telecommunications industry for more than 25 years, including overseas. He served as general manager and regional manager for some of the largest cable television systems in the United States and overseas. He also owned several small private cable systems, all of which enabled him to acquire significant expertise in all aspects of cable television, telephone, and other telecommunications systems and their architecture.

CSI is the nation's negotiator of telecommunications agreements—phone, Internet, video, cable TV, cell and security—for residential communities. Located in South Florida, the company has represented over one million units since 1998 and secured more than \$200 million in savings and earnings for its clients.

DISCOVERING A MARKET NICHE

Delgado's first foray into affordable housing came about when the American Recovery & Reinvestment Act (also known as the Obama stimulus plan) was passed in 2009. "Seven billion dollars was set aside to expand broadband service to underserved communities," Delgado said. "We competed for grant funds to provide expanded services but didn't get them."

Still, his interest was piqued. Why

were these communities being underserved? "Cable companies don't get excited about smaller properties, so they don't go after that market," he said. "They think it's less revenue. Unfortunately the average internet/phone/cable bill is \$174. People who can't afford this are left out in the cold."

What CSI does is combine the telecomm needs of affordable-housing apartments with those of market-rate developments and single-family homes "and we're able to get services for affordable housing at an affordable rate."

To understand the affordable housing industry better, Delgado did what most people do when they want information: "I Googled it," he said, "and that's how I found out about NAHMA."

He attended one of the fall meetings in Washington, D.C., and realized that it was "a really well-run organization," he said. "Here were all these people committed to doing good and to making good financial decisions, and I knew I wanted to be involved."

Delgado started attending NAHMA's meetings and then got involved with the NAHMA Educational Foundation. He now serves on its board of directors. "We're a big believer in education and in the foundation," he said. "We've donated over \$25,000 to the foundation, and we're still trying to get grants and more funds. You have to have access to the internet to be in school."

PURCHASING POWER FOR THE PEOPLE

Although this is a new market for CSI,



they are finding that they can help small to mid-sized affordable housing providers and their residents gain affordable access to high-speed networks to support businesses, educational opportunities and personal lifestyle choices. Affordable housing com-

munities save on service costs, tap into hidden revenue streams, and increase net operating income.

Although CSI is just beginning in the affordable market, they've discovered that even though properties aren't all at one site, they are all with one owner. "And on the other side, there's either Comcast, Verizon, Time Warner or Cox. We're able to negotiate for an affordable housing company that's got units in Manhattan, L.A., Cleveland, and other places, and it's just more efficient for, say, Cox, to sit with us and work out one contract. Then the deal gets fulfilled with the local providers."

"Usually a multifamily housing owner has no leverage. Going in on behalf of all of a companies' properties changes the dynamics of the negotiations entirely. It becomes more efficient for the companies to deal with you."

Delgado has become an advocate for affordable housing within the telecomm industry. "It's not enough to have new technology," he said. "For instance, you can have a great cellphone, but if it doesn't work inside your properties, then your residents can't reach people for emergencies. The services they get have to be good services."

And, "we work only for the property owners," Delgado said. "That's who our customer is." **NN**

thelastword

Another Successful Summer Meeting!



In June, NAHMA held our fifth co-located summer meeting with the National Apartment Association. The meeting was in Denver, Colorado, which was the perfect backdrop for members to complete the work of the committees. It appears that everyone worked hard and enjoyed the city and, as usual, another successful NAHMA meeting!

The meeting kicked off with our third mini-convocation with the AHMA's leaders and executive directors. Excitement was in the air as participants continued their discussions on best practices, training and education, and succession planning. The future continues to take shape, and it has been my pleasure to work with the AHMAs and see the changes occur.

The following day, Wednesday, was filled with NAHMA members in committee meetings discussing timely information, having lively debates and working toward positive outcomes. As we all know, affordable housing is an ever-changing industry, and we at NAHMA are working to stay ahead of the changes in hopes of offering our suggestions for improvements.

With all of the work happening, it was important to take a moment to celebrate, and what better way than having Olympic Silver Medalist from the Sochi Olympics, Noelle Pikus Pace, as our keynote speaker during our Vanguard Award luncheon. The luncheon was filled with Vanguard Award winners! Congratulations to the owners, agents and on-site staff for their dedication to providing high quality, innovative affordable housing.

That same evening the NAHMA Educational Foundation celebrated their 25th Anniversary with an amazing fundraiser at the Opera House, filled with entertainment by a dynamic band, and also featuring Karl Mecklenburg, a two-time Super Bowl winner with the Denver Broncos. The planning committee from Rocky AHMA and the Foundation produced an evening where everyone had fun and gave to the Foundation, who will in turn use the funds for scholarships to residents living in communities managed by NAHMA members. Initial reports indicate that the event raised over \$200,000 for future scholarships!

What would a Summer Meeting be without a NAHMA Party? On behalf of the NAHMA Board, the members and attendees, I would like to thank Gemi Ozdemir of Dauby, O'Connor and Zaleski and his team for another wonderful event and your continued support.

Thursday and Friday were NAHMA's days to shine during NAA's conference and exposition. The affordable housing sessions presented by NAHMA were a hit! The rooms were full and the audiences were interactive. Thank you to every panelist; your expertise and time given to help make the sessions a success were greatly appreciated.

Mark your calendars for NAHMA's Fall Meeting: our Regulatory Issues Forum in Washington D.C., October 26-28, 2014 at The Fairmont Washington. Visit NAHMA's webpage at www.nahma.org for more information on meetings and current happenings in affordable housing. **NN**

Gianna Solari, SHCM, NAHP-e, FHC, is Vice President/COO of Solari Enterprises, Inc. of Orange, CA and is President of NAHMA.