

# NAHMA News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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## Bipartisan Bill Proposes To Expand LIHTC

U.S. Senate Finance Committee member Maria Cantwell (D-WA) and Senate Finance Committee Chairman Orrin Hatch (R-UT) recently introduced the bipartisan Affordable Housing Credit Improvement Act to expand the Low-Income Housing Tax Credit (LIHTC) to help combat the country's growing affordable housing crisis affecting all corners of the nation. The bill is also co-sponsored by Sen. Ron Wyden (D-OR), ranking member of the Finance Committee, and Sen. Charles Schumer (D-NY).

Under the Cantwell-Hatch proposal, the annual housing credit allocation authority would increase by 50 percent over a five-year period. The bill represents the most significant changes to the LIHTC program since its inception three decades ago.

"Affordable housing is a crisis all across America. With skyrocketing rents and


**Under the Cantwell-Hatch proposal, the annual housing credit allocation authority would increase by 50 percent over a five-year period. The bill represents the most significant changes to the LIHTC program since its inception three decades ago.**

an increase in homelessness, more affordable housing units are a necessity. That is why today, Sen. Hatch and I are introducing legislation to expand the Low-Income Housing Tax Credit. By building more affordable housing units across the United States, more people can have a shot at the American Dream," said Cantwell in a press release.

If passed, this bill would:

- Expand housing credit allocation authority by 50 percent, phased in by 10 percent per year for the next five years. This expansion is expected to finance the development or preservation of up to 400,000 affordable homes over the next decade. Despite the growing need for affordable housing, Congress has not increased housing credit authority in 16 years, and viable and sorely needed housing credit developments are turned down each year because resources fall far short of the demand.

*continued on page 4*

A black and white portrait of Michael Johnson, a middle-aged man with dark hair, smiling. He is wearing a dark suit jacket over a light-colored button-down shirt. The background is a blurred office setting with bookshelves.

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## Honoring the Standard Bearers

NAHMA CELEBRATED FIVE NEWLY developed or significantly rehabbed affordable multifamily housing communities that are on the forefront of high-quality design and resourceful financing at the annual Vanguard Awards held during our summer forum in San Francisco in June.

The properties: Wabash Estates Co-op, Baltimore, Md.; Bristol Commons/Lenox Green, Taunton, Mass.; Blue Butterfly Village, San Pedro, Calif.; 777 Main, Hartford, Conn.; and A-Mill Artist Lofts, Minneapolis, Minn., all rose to the challenge of creating housing opportunities that anyone would be proud to call home. To learn more about these communities, read page 17.

Each community has elements that are unique to its neighborhood and the resident who live there. The winners all had a desire to provide the best living conditions and amenities for their residents while overcoming challenges ranging from historic designations to past community reputation to financial hurdles.

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

The Vanguard Awards were created seven years ago to honor communities that were too new to meet the qualifications for our Communities of Quality (COQ) National Recognition and Awards program, which judges properties on their physical maintenance, financial management, programs and services, employee credentials and other criteria.

Since 1992, the COQ Awards have

honored the achievements of affordable housing providers who have made an unprecedented contribution to the industry by developing and maintaining outstanding properties that are safe and vibrant places to live.

To be eligible for the COQ awards, a community must be a COQ Nationally Recognized property. Now is the perfect time to submit your application for the recognition program. For more information on the Communities of Quality National Recognition program, visit <http://www.nahma.org/awards-contests/communities-of-quality/>. The page includes such useful information as a process overview, frequently asked questions, application and how to apply video, among other important information. You may find that you already meet the standards and never knew it.

If you are already a COQ Nationally Recognized property, you have done the hard part. Now is the time to work on your application for the COQ Awards, which is due Nov. 4. The awards are comprised of five categories: Exemplary Family Development, Exemplary Development for the Elderly, Exemplary Development for Residents with Special Needs, Exemplary Development for Single Room Occupancy Housing and Outstanding Turnaround of a Troubled Property. The application requires an essay and photographs if you are entering the best turnaround property category.

The application brochure can be downloaded from the COQ webpage at [www.nahma.org](http://www.nahma.org).

We look forward to seeing the Vanguard Award winners achieving National COQ Recognition in the future. **NN**

*Kris Cook, CAE, is executive director of NAHMA.*

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■ Provide a minimum 4 percent housing credit rate for the acquisition of affordable housing and for multifamily housing bond-financed developments. Similar to the minimum 9 percent housing credit rate that was made permanent at the end of 2015, this change would streamline program administration, increase predictability and empower states to allocate more housing credit equity to properties as needed for financial feasibility.

■ Permit income averaging in housing credit properties. This provision would preserve rigorous targeting while providing more flexibility and responsiveness to local needs.

“The Affordable Housing Credit Improvement Act will spur LIHTC property development across the country at a time when Americans need affordable housing more than ever before. According to the annual State of the Nation’s Housing Report from the Joint Center for Housing Studies of Harvard University, more than 11 million people are now paying at least half of their income on rent. Your legislation will help curb this rising disparity and allow families to focus on other investments, such as education or new job training,” NAHMA said in a letter of support to Cantwell. “Additionally, we applaud the Affordable Housing Credit Improvement Act’s provision to permanently establish a credit rate of 4 percent for the 30 percent present value credit, which is typically used for preservation of LIHTC properties. Coupled with the expansion of credit authority, this provision will help reduce investor risk and promote crucial investments for aging inventory.”

### INDUSTRY SUPPORT

Earlier this year, Cantwell, along with the ACTION Campaign—a coalition of 1,300 affordable housing organizations across the country—began a national campaign to increase federal resources for affordable housing and build support for expanding the LIHTC.

NAHMA is a member of the national ACTION Campaign to expand and

improve the LIHTC authority and will be advocating for the passage of the Cantwell-Hatch bill.

The proposed legislation has industrywide support from not only the ACTION Campaign but also other coalition groups such as the Affordable Housing Tax Credit Coalition (AHTCC), of which NAHMA is also a member, and the National Association of Affordable Housing Lenders (NAAHL).

“It is a huge victory for the AHTCC and entire affordable housing industry that Sen. Cantwell joined with Chairman Hatch in co-sponsoring this legislation,” said Anthony Alfieri, president of AHTCC, in an May email to members. The AHTCC went on to commend the senators for their “outstanding leadership” in introducing the legislation.

In a message to its members, Buzz Roberts, NAAHL president and CEO, said, “Although Sen. Cantwell had previously announced her plans to introduce a LIHTC expansion, the addition of Chairman Hatch as co-lead sponsor greatly increases the likelihood that the bill will eventually become law. ... Broader business or individual tax reform legislation in 2017 or 2018 is the mostly likely vehicle for moving the bill forward. Introduction of the Cantwell-Hatch LIHTC bill this year is important to attracting broader support in the Congress in anticipation of broader tax legislation.”

According to NAAHL, phasing in the allocation expansion over five years reduces the estimated cost of the 50 percent volume increase. The 4 percent minimum credit rate would significantly expand the feasibility and number of tax-exempt bond-financed projects, which automatically qualify for such credits, as well as preservation projects where building acquisition costs are significant. The corresponding rate under current law, set by a discounting formula, is about 3.2 percent. The formula rate would be available if interest rates rise high enough for it to exceed the 4 percent floor.

NAAHL’s message to members also said the average income test would pro-

vide an optional alternative to current law, which allows credits only for units with rents and occupancy limited to 60 percent—or in some cases, 50 percent—of the area median income. Under the new provision, a LIHTC project sponsor could designate rent and occupancy limits for each unit at 20-80 percent of the area median income, if the project-wide average does not exceed 60 percent. This provision will promote a broader mix of incomes and rents within LIHTC projects, and should be especially useful in advancing neighborhood revitalization, projects in sparsely populated rural areas, and the preservation of existing properties where some residents’ incomes are 60-80 percent of the area median.

### ADDRESSING A GROWING NEED


Along with the legislation, Cantwell released a report, *Addressing the Challenges of Affordable Housing & Homelessness: The Housing Tax Credit*, which found that across the country there are 3.9 million extremely low-income families that lack access to affordable housing.

Last year, Cantwell, who was presented NAHMA’s 2015 Industry Partner Award, championed the LIHTC and secured a critical fix to the program by permanently extending the credit rate to 9 percent of eligible costs on new construction. This ended an era when variable rates made financing of affordable housing less predictable.

Since its creation 30 years ago, the housing credit has financed nearly 2.9 million homes across the United States, leveraging more than \$100 billion in private investment. Between 1986 and 2013, more than 13.3 million people have lived in homes that have been financed by the LIHTC.

Congress is on recess until September, so NAHMA encourages members to reach out to their elected representatives and invite the officials and their staff to tour a property while they are in their home districts to see firsthand the importance of the LIHTC program. **NN**





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# Midyear Update on the Things To Watch for in 2016

IN MY FIRST ARTICLE OF THE YEAR, I identified key regulatory and legislative issues that both Congress and the Obama administration would need to finish before their respective terms end this year. Having passed the midpoint of 2016, I thought it would be a great time to provide an update on items included in my original “15 Things to Watch for in 2016” article in the January/February *NAHMA News*. Below is an update on items, including regulations, legislation and reports that NAHMA has been keeping a close eye on throughout the year:

## U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

HUD has a few final rules expected to be issued, and the department must also still begin implementation of some new policies and programs.

1. A final rule, Improving the Previous Participation Reviews of Prospective Multifamily Housing and Healthcare Programs Participants, will be issued. NAHMA expects this rule to be finalized by the end of 2016. HUD is reviewing public comments to the proposed rule and the draft processing guide.

2. A final rule, Quid Pro Quo and Hostile Environment Harassment and Liability for Discriminatory Housing Practices under the Fair Housing Act is expected. NAHMA anticipates HUD will publish the final rule in fall.

3. A final rule, The Violence against Women Reauthorization Act of 2013: Implementation in HUD Housing Programs, will be issued. NAHMA learned that the regulation is a high priority for HUD and it plans to issue this final rule by October.

4. A proposed rule, Establishing a More Effective Fair Market Rent (FMR) System; Using Small Area Fair Market Rents (SAFMRs) in Housing Choice Voucher Program Instead of the Current 50th Percentile FMRs, will be issued for public comment. HUD recently issued a related proposed rule on SAFMRs and NAHMA expects this to remain a priority for HUD.

5. Pay for Success Demonstration (Energy Retrofit for Project-based Projects). HUD’s stated goal is to issue a Notice of Funding Availability for the demonstration by end of fiscal year 2016.

6. NAHMA will be looking forward to the allocation of the Housing Trust Fund to states and the use of the funding for affordable housing. In May, HUD awarded \$173 million through the fund.

7. NAHMA is interested to see if any major issues continue with renewing all rental assistance contracts. The only funding delays that have been recently reported were with service coordinators and HUD has since resolved the issue.

8. NAHMA is interested to hear the Rural Housing Service’s (RHS) plans to deal with maturing mortgages and keeping the affordable housing stock available. NAHMA has an ongoing dialogue with RHS, however no formal plans have been released. This is also an issue that has Congress’ attention and support. Legislation has been introduced to address the maturing mortgage issue.

## LOW-INCOME HOUSING TAX CREDIT (LIHTC)

9. NAHMA is interested to see if Congress decides to do any major tax reform and how it impacts the LIHTC. To date, no meaningful tax reform efforts have

moved forward in Congress. NAHMA has no expectation that this will change.

10. NAHMA will continue advocating Congress to permanently establish a 4 percent rate. NAHMA is very encouraged by a bipartisan bill to expand LIHTC.

11. The Government Accountability Office has been working on two new reports on LIHTC. Only one report has been released in 2016 to date, and it covered administrative oversight by state housing finance agencies.

## CONGRESS

12. NAHMA submitted a list of recommendations to the House Financial Services Committee in response to a request for ideas on how to improve HUD and fight the problems of poverty and housing affordability in America. The House Republican Task Force on Poverty, Opportunity and Upward Mobility recommended reforming the nation’s welfare, workforce and education programs, along with affordable housing and community development programs. NAHMA strongly opposes this plan.

13. NAHMA applauds the passage of H.R.3700, Housing Opportunity through Modernization Act of 2015. Congress unanimously passed the bill.

14. ELECTIONS—Need I say more!

There is only a few months remaining in 2016 and a lot of policy work still remains incomplete. I hope you had the opportunity to contact your members of Congress and tell them about the great work you are doing and invite your elected officials to visit your properties. **NN**

*Larry Keys Jr. is director of government affairs for NAHMA.*

# USDA HOME HUD Public Housing Tax Credits

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# Affordable Housing Is the Glue That Holds Everything Together

Former HUD Secretaries Henry Cisneros and Mel Martinez  
Call for a LIHTC Expansion

THE BIPARTISAN POLICY CENTER Senior Health and Housing Task Force, which we co-chair, recently released a report urging the greater integration of health care with housing as vital to helping America's rapidly expanding senior population age more successfully.

A growing body of evidence is showing that more tightly linking senior health and housing has the potential to improve health outcomes for older adults, reduce medical costs, and enable millions of Americans to "age with options" in their homes and communities.

To realize these considerable benefits, however, seniors must have access to affordable housing. Without access to such housing and the stability it provides, it becomes increasingly difficult to introduce a system of home- and community-based supports that can enable successful aging.

In short, affordable housing is the glue that holds everything together.

Unfortunately, the affordability of housing is a growing concern for millions of seniors. For those who own their home, monthly mortgage payments—along with property taxes, utility payments, and the cost of home maintenance and upkeep—can be a major strain on household budgets. The fact that senior homeowners are carrying more mortgage debt into their retire-

ment years is a worrisome trend.

Another major reason for high housing costs is the acute shortage of affordable and available rental homes. This supply-demand imbalance most negatively impacts lower-income households, many of whom are older adults living on fixed incomes.

According to the Department of Housing and Urban Development's most

recent "worst case needs" report, in 2013, there were 11.2 million "extremely low-income" renter households competing for only 4.3 million affordable and available rental homes, resulting in a total shortfall of 6.9 million homes. Of the 11.2 million households in this competition, approximately 2.6 million were elderly households with no children.

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ber of renter households aged 65 to 74 and 75 and older who will pay more than 50 percent of their income on housing will rise by 42 percent and 39 percent, respectively.

Responding to the need for more affordable rental homes is a critical national priority. It's becomes doubly important when the health and well-being of so many older adults are at stake.

To help close the affordable supply

**The rapid aging of the U.S. population is likely to increase the demand for affordable rental homes and exacerbate the supply shortage. In the coming years, millions of older adults will seek to transition from homeownership to rental housing. The demand for rental housing will intensify even more, with greater numbers of seniors likely to suffer "severe" rent burdens.**

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Harvard's Joint Center for Housing Studies estimates that, by 2025, the num-

gap, the Task Force calls for a substantial increase in federal support for the Low-Income Housing Tax Credit (LIHTC) program.

The housing credit is a 30-year-old program that has encouraged \$100 billion in private investment in affordable rental housing. It has proven to be a great success, helping to support the construction and preservation of more than 2.8 million affordable rental homes in communities across America.

Importantly, the LIHTC is a critical source of financing for rental homes affordable to the nation's lowest-income seniors. According to a 2014 HUD report, nearly 33 percent of reported housing credit households have a senior member (62+), and more than one-fourth

*continued on page 10*

# Report Highlights Need for Housing Systems for Seniors

**A** new report issued in May by the independent Bipartisan Policy Center, examines the critical need for the U.S. to better integrate America's health care and housing systems for its senior population. The report, *Healthy Aging Begins at Home*, was developed over the past year by the center's Senior Health and Housing Task Force and an expert advisory council. The report's recommendations focus on four key areas:

1. Building affordable housing for seniors;
2. Making homes and communities age-friendly;
3. Integrating health care and supportive services with housing; and
4. Promoting widespread adoption of health technologies to support successful aging.

Joining the Bipartisan Policy Center's efforts to re-examine the needs of senior citizens are former Department of Housing and Urban Development Secretaries Mel Martinez and Henry Cisneros, along with former House Representatives Vin Weber and Allyson Schwartz.

Overall, the report highlights the need for a federal response to the growing number of senior citizens and their needs.

According to the report, by 2030, 74 million Americans, representing more than 20 percent of the overall population, will be 65 years of age or more. About 70 percent of adults over 65 will eventually require help with bathing, food preparation, dressing and medication management—assistance that is referred to as long-term services and supports, or LTSS. Medicare does not cover LTSS and the costs of this care can consume a large portion of a household's budget. In addition, only a small minority of

Americans has long-term care insurance covering these expenses.

Coupled with the high costs associated with LTSS, a major obstacle that seniors face is the scarcity of affordable and available rental homes, according to the report. This supply-demand imbalance negatively affects lower-income households, many of whom are older adults living on fixed incomes. The report states that in 2013, there were 11.2 million extremely low-income renter households competing for only 4.3 million affordable and available rental homes, resulting in a total shortfall of 6.9 million homes. Of the 11.2 million households in this competition, 2.6 million were elderly households with no children. According to the report, the Bipartisan Policy Center anticipates that the shortage of affordable rental homes will intensify in the years ahead as the low-income senior population grows and more seniors transition from homeownership to rental housing.

The report offers 10 recommendations to address the housing affordability crisis facing seniors, including urging Congress and the White House to support continued funding at sufficient levels for rental assistance and for service coordination under the Section 202 Supportive Housing for the Elderly program. Additionally the report recommends the preservation of existing Section 202 units by making them eligible for the Rental Assistance Demonstration program as well as increased federal support for the Low-Income Housing Tax Credit program to help finance the production and preservation of additional units of affordable rental housing.

The full report can be found on NAHMA's website. **NN**

## TAX CREDIT COMPLIANCE,

*continued from page 9*

have a head of household who is at least 62 years old. Many states have adopted "qualified allocation plans" that provide set-asides and other preferences for senior housing projects. In fact, the LIHTC program supports approximately 40,000 senior-restricted affordable units annually.

Bipartisan legislation recently introduced by Senate Finance Committee Chairman Orrin Hatch (R-UT) and Sen. Maria Cantwell (D-WA) that would increase federal support for the housing credit by 50 percent is a very welcome development. We applaud both senators for their leadership. Greater private investment in affordable housing is needed now more than ever, and the housing credit is indispensable to encouraging this investment.

Of course, much more needs to be done. The Task Force proposes a new federal program for senior supportive housing that uses "project-based" rental assistance and the housing credit to finance new construction and attract funding from health care programs. We urge a re-examination of federal regulatory policies to ensure they are not acting as barriers to affordable housing development. States and local communities must also have the foresight to embrace permissive land-use policies that encourage alternative housing structures for seniors, such as accessory dwelling units.

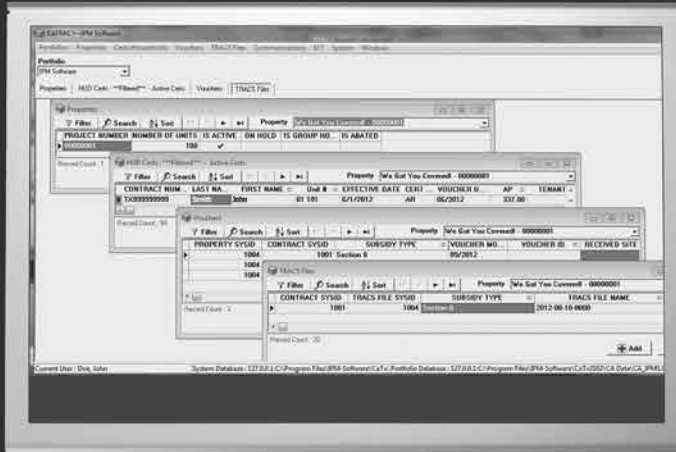
The housing credit should be a top priority to deal with our affordable housing problem. Increasing it would represent a major step forward that would potentially benefit tens of thousands of America's seniors. **NN**

*Henry Cisneros served as secretary of the U.S. Department of Housing and Urban Development under President Bill Clinton. Mel Martinez is a former U.S. senator from Florida, who served as secretary of the U.S. Department of Housing and Urban Development under President George W. Bush. They serve as co-chairs of the Bipartisan Policy Center's Senior Health and Housing Task Force.*

*This article first appeared as a July 1, 2016, guest commentary on the Affordable Housing Finance website, [www.housingfinance.com](http://www.housingfinance.com).*



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# Criminal Background Checks Take Center Stage

**N**AHMA submitted comments to the Department of Housing and Urban Development's (HUD) Office of General Counsel (OGC) regarding its guidance issued in April on how the Fair Housing Act applies to the use of criminal history by providers or operators of housing and real estate related transactions.

NAHMA said that while its members share the goal of providing decent, safe and sanitary housing to all individuals, the "guidance has created a lot of confusion throughout the affordable housing industry, specifically among property owners and agents (O/As) who have the task of reconciling, interpreting and implementing all current and previous HUD guidance daily in their admission and occupancy policies and decisions. NAHMA members believe the premise of the guidance wrongfully asserts blame on affordable housing providers for disparities in the nation's criminal justice system, over which they have absolutely no control."

HUD OGC said it was providing guidance that addresses how the discriminatory effects and disparate treatment methods of proof apply in Fair Housing Act cases in which a housing provider justifies an adverse housing action—such as a refusal to rent or renew a lease—based on an individual's criminal history.

HUD OGC states, "Policies that exclude persons based on criminal history must be tailored to serve the housing provider's substantial, legitimate, nondiscriminatory interest and take into consideration such factors as the type of the crime and the length of the time since conviction. Where a policy or practice excludes individuals with only certain types of convictions, a housing provider will still bear the burden of proving that any discriminatory

effect caused by such policy or practice is justified. Such a determination must be made on a case-by-case basis."

The guidance describes the three steps used to analyze claims that a housing provider's use of criminal history to deny housing opportunities results in a discriminatory effect in violation of the Fair Housing Act. The steps include evaluating whether the criminal history policy or practice has a discriminatory effect; evaluating whether the challenged policy or practice is necessary to achieve a substantial, legitimate, nondiscriminatory interest; and evaluating whether there is a less discriminatory alternative. The guidance also explains the analytical framework to evaluate intentional discrimination claims, which is different from the discriminatory effects analysis.

## NAHMA MAKES ITS CASE

In its comments, NAHMA asserted that the guidance appears to violate the Administrative Procedures Act because it attempts to implement new policies that conflict with existing regulations, and that it was not implemented following a public notice and comment period. In addition, NAHMA said HUD failed to explain how the guidance is to be reconciled with existing regulations and guidance (e.g., HUD Occupancy Handbook and Notice H 2015-10).

As for criminal statistics, the comments pointed out that housing providers do not have detailed criminal data readily available. Furthermore, the guidance does not define "reasonable time" from the offense and seems to imply that the time frame might need to be different for different offenses. The association said most members rely on third-party screening for background checks during the resident application/admission process. Housing provid-

ers do not have enough background knowledge and are not trained to make these criminal justice determinations. NAHMA said, O/As will be caught in a Catch-22 as they try to implement effective screening policies that protect residents and yet avoid disparate impact fair housing violations.

"On the one hand, O/As are required to apply screening policies in a uniform manner to avoid treating people differently than one another and potentially discriminating against applicants. However, under this guidance, they are also expected to treat each applicant on a case-by-case basis by considering each applicant's criminal record and any mitigating or aggravating circumstances. Without a safe harbor provision, it may be impossible for O/As to implement uniform policies, at the same time consider mitigating factors and avoid fair housing claims. HUD should recognize the difficulties that its conflicting guidance imposes and ideally modify the April 4 guidance to eliminate this conundrum," according to the comments.

Additionally, NAHMA said the guidance fails to consider statics regarding recidivism and instead places the burden on the O/A to arbitrate the likelihood of an individual committing a new offense. It is unlikely that O/As have the type of evidence necessary to prove that a challenged screening policy or practice is "necessary to achieve a substantial, legitimate, nondiscriminatory interest of the provider." NAHMA argued the guidance puts O/As in a position of liability no matter what they do. "If they follow the guidance to the letter and move someone in knowing they have a criminal background that may include an assault and the new tenant commits that type of crime at the property, the O/A could be held



liable for knowingly admitting that applicant. If the owner does not follow the guidance, the owner could be liable in a fair housing complaint for disparate impact. HUD should offer a safe harbor to O/As to address this liability issue,” said the comments.

The association pointed out the guidance contradicts previous HUD direction on sex offenders and illegal controlled substances. Additionally, NAHMA said the HUD Occupancy handbook establishes an appeal process for persons who are rejected at admission or who have their tenancy terminated, to ensure they have an opportunity to present their mitigating circumstances. The association asserted that the appeals process

should be adequate to ensure everyone gets fair treatment.

#### LEGISLATION ON THE DOCKET

Besides the OGC guidance, on April 27, Rep. Maxine Waters (D-CA), ranking member of the House Financial Services Committee, introduced legislation that seeks to reform the eviction and screening policies that govern multifamily housing properties for individuals with criminal backgrounds. The Fair Chance at Housing Act of 2016 would overhaul eviction and screening policies for housing assistance programs. Under the bill, the standards of evidence for eviction and screening when criminal activity is involved would be revised.

Through the Fair Chance at Housing Act, Waters seeks to reduce recidivism and prevent homelessness by helping ex-offenders find stable housing and by ensuring that those currently receiving federal assistance are not unfairly evicted. The debate over broader criminal justice reform continues to grow, and Waters has expressed particular concern with the negative effects a criminal record may have on an individual's ability to obtain safe, decent and affordable housing. NAHMA does not anticipate that this bill will become law in the current Congress.

To view a summary of this bill and read OGC's guidance, visit the Fair Housing Issues webpage under the HUD Issues tab in the Agencies section of the NAHMA's website. **NN**



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# NAHMA Comments on the Updated Previous Participant Review Proposed Rule

**O**n May 18, the Department of Housing and Urban Development (HUD) released an update to the proposed rule, Improving the Previous Participation Reviews of Prospective Multifamily Housing and Healthcare Programs Participants. This proposed rule updates the rule published in August 2015.

In NAHMA's 2015 comments on the proposed rule, members expressed some concerns, but agreed with the overall intent to improve the 2530 review process.

While stating support for the intent to simplify the process, NAHMA noted, "the regulations included many open-ended, catch-all categories, which are

overly broad and ambiguous, and may actually increase burdens on a number of participants .... HUD should revise and elaborate on the proposed rule before final publication, and because so many concepts and details were not presented for review and comment in the proposed rule, the Department should reissue a revised proposed 2530 rule before proceeding to final rule making."

The purpose of the newly updated proposed rule was to provide members an opportunity to comment on a few key provisions, which have been added in response to NAHMA's initial comments. Specifically HUD was seeking comments on the Processing Guide for Previous Participation Reviews and the definition of risk.

NAHMA's comments said the association was encouraged by HUD's efforts to provided transparency, flexibility, and certainty to the previous participation review process and its efforts to revise and

streamline the 2530 regulations. However, NAHMA said it was very difficult to provide meaningful feedback on the appendix's guide without knowing how public comments to the proposed rule were addressed. The association expressed the hope that HUD would make available all documents for public comment.

According to HUD, the processing guide will provide detailed information and will provide the department with the ability to make changes as needed to address specific circumstances that arise

entity does or does not exercise financial or operational control should be made. HUD should consider reviewing an organizational chart with the individuals identified as controlling participants and make the determination, before participants waste time submitting all of the data required, said NAHMA.

Furthermore, NAHMA said some of the exclusions for the chart are very helpful, such as the Tax Credit investors, Passive Participants, Minor Officers, and Members of Board. However, others would

**NAHMA's comments said the association was encouraged by HUD's efforts to provided transparency, flexibility, and certainty to the previous participation review process and its efforts to revise and streamline the 2530 regulations. However, NAHMA said it was very difficult to provide meaningful feedback on the appendix's guide without knowing how public comments to the proposed rule were addressed.**

in the previous participation process and to keep up-to-date with changes that may arise in the housing market. Furthermore, the guide will address flags, which are not addressed in either the existing regulations or proposed regulations. It also will include certain information collection requirements. For example, the guide will require organizational information to be presented in chart form instead of merely listed. However, the draft guide makes clear that not every entity identified in the organizational chart will be considered a controlling participant, as defined in the regulation.

In its comments, NAHMA said members were concerned that the guide requires submission of an organizational chart that may include individuals that are not considered to meet HUD's definitions of controlling participant. The association recommended HUD clarify in the guide how a determination that an individual or

be complicated to include, such as the less-than-25-percent-ownership interest.

As for the definition of risk, NAHMA said, in the APPS system, the owner/agent can see flags, but not critical findings. This information has been available only to HUD during review. In an effort to be transparent, it would very helpful for HUD to share its interpretations/classifications with owner/agents.

NAHMA also recommended that HUD develop an easier method than program participants having to "Accept" every Management and Occupancy Review and Real Estate Assessment Center finding. NAHMA observed that it is repetitive and unnecessary to accept each finding on the ownership entity, the management entity and each corporate officer's entity.

More information about the proposed rule and NAHMA's comments can be found on the HUD Issues webpage in the Agencies section of [www.nahma.org](http://www.nahma.org). **NN**



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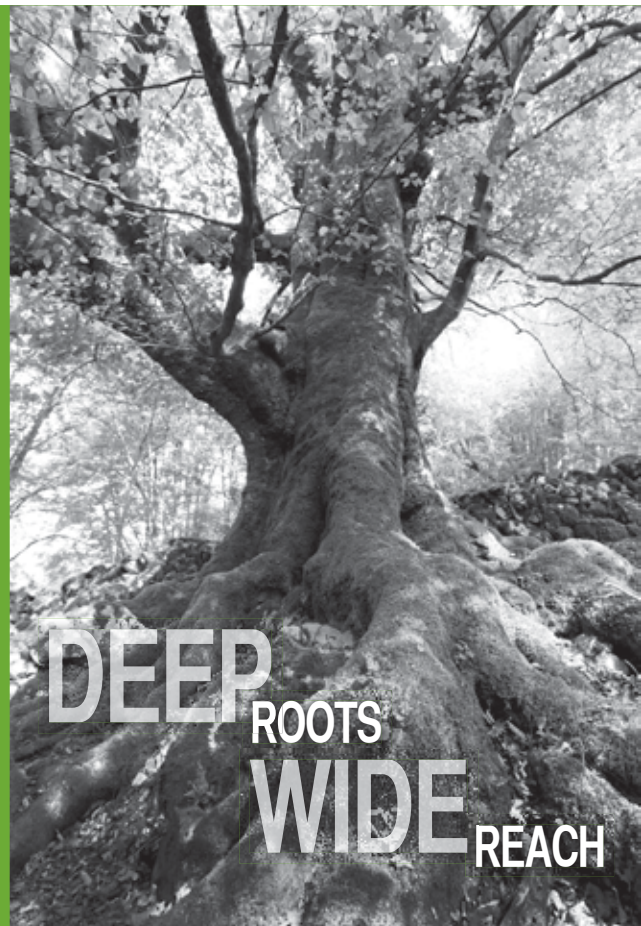


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# PAYING TRIBUTE TO Vanguard Excellence

NAHMA RECOGNIZES NEWLY developed or significantly rehabbed affordable multifamily housing communities that showcase high-quality design and resourceful financing by announcing the winners of its annual Affordable Housing Vanguard Awards in June.

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.

This year's Vanguard Awards program is sponsored by the NAHMA-endorsed Multifamily Affordable Housing Insurance Program (MAHIP), provided by Wells Fargo Insurance Services.

"Wells Fargo is a proud sponsor of the Vanguard Awards," said Megan Davidson, ARM, CRIS, vice president of Wells Fargo Insurance Services USA Inc. "We appreciate and support what you do to make communities better and safer places to live and thrive. Wells Fargo believes and supports affordable housing from a lending and investment standpoint, as one of the largest providers of insurance to affordable housing providers, and as volunteers and supporters of organizations such as Habitat for Humanity. Our goal is to support your success by financially protecting what you value most,

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The 2016 winners are:

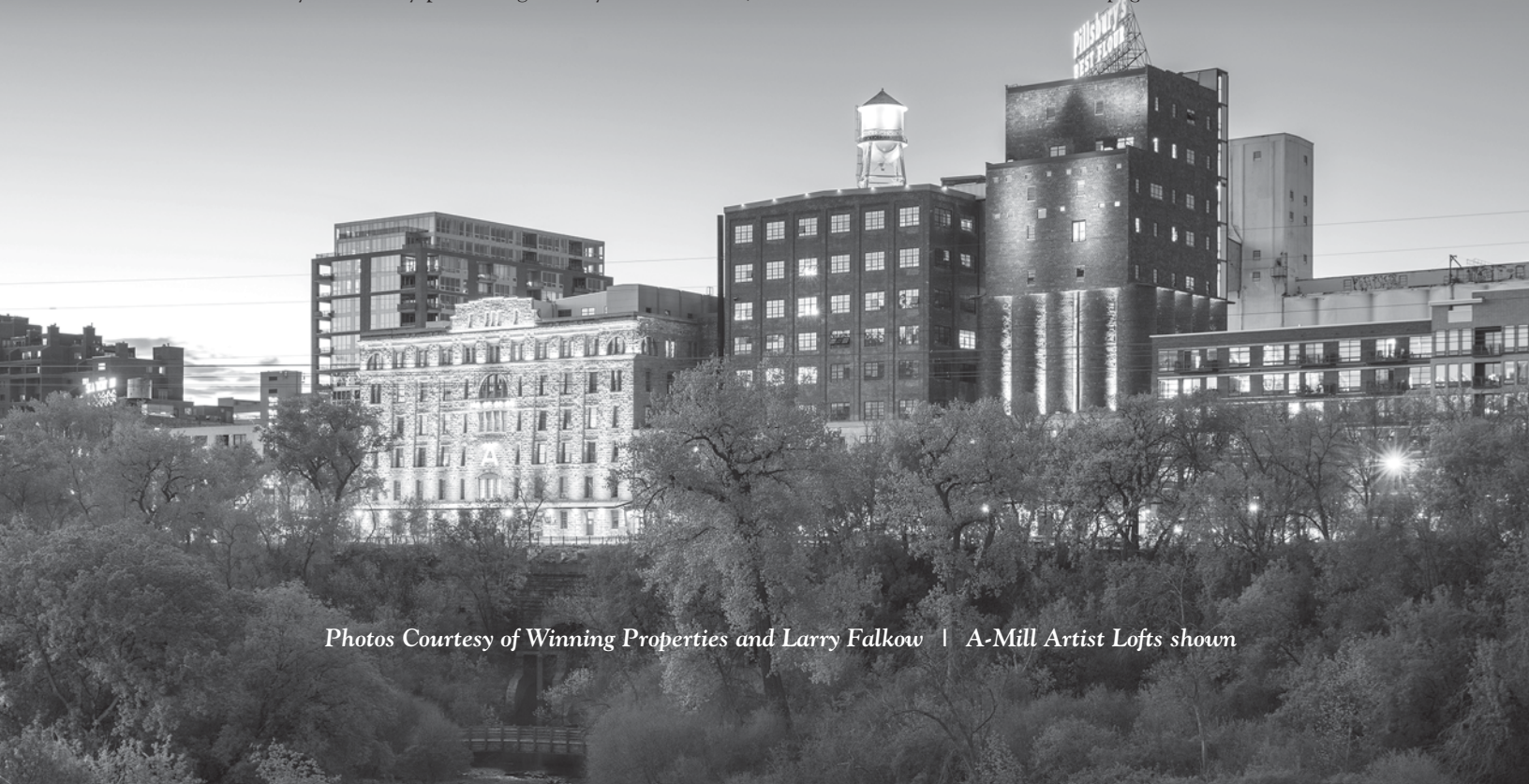
**Vanguard Award for New Construction: Small Property (less than 100 units):** Wabash Estates Co-op, Baltimore, Md.; Management Company: CSI Support & Development Services Inc.; Owner: Arlington II Non-Profit Housing Corporation, Warren, Mich.

**Large Property (more than 100 units):** Bristol Commons/Lenox Green, Taunton, Mass.; Management Company: Trinity Management LLC; Owner: Trinity Taunton Nine LP, Boston, Mass.

**Vanguard Award for Major Rehabilitation of an Existing Rental Housing Community:** Blue Butterfly Village, San Pedro, Calif.; Management Company: Volunteers of America (VOA) National Housing Corporation; Owner: Navy Village VOA Affordable Housing LP, Alexandria, Va.

**Vanguard Award for Major Rehabilitation of a Nonhousing Structure:** 777 Main, Hartford, Conn.; Management Company: WinnResidential; Owner: Becker & Becker Associates, Fairfield, Conn.

**Vanguard Award for Major Rehabilitation of a Historic Structure into Affordable Housing:** A-Mill Artist Lofts, Minneapolis, Minn.; Management Company: Dominion; Owner: Dominion, Plymouth, Minn. | See winners on the next page.



Photos Courtesy of Winning Properties and Larry Falkow | A-Mill Artist Lofts shown



**WABASH ESTATES CO-OP** was developed in response to the tremendous need for safe, quality, affordable senior housing in the Grove Park/Arlington neighborhood of Baltimore, Md. The property, consisting of 57 units, was funded with

a Department of Housing and Urban Development (HUD) Section 202 Capital Advance, a HUD predevelopment grant and a three-year Project Rental Assistance Contract.

The demand was so high for senior housing in the area that more than 400 people applied for units and the entire

and the name. This helped create a sense of ownership before the first resident moved in.

The community maintains 10 committees solely comprised of volunteers, including leasing, maintenance and finance committees, has an elected council that is responsible for the daily management decisions and invites residents to run for CSI's national board of directors.

**BRISTOL COMMONS/LENOX GREEN:** When it was built in 1951 in Taunton, Mass., Bristol Commons was known as Fairfax Gardens. It was made up of 150 units of barrack-style public housing on 44 acres of land that included meadows and wetlands. Over the years, it had deteriorated so badly the infrastructure needed a complete replacement.



WABASH ESTATES CO-OP



WABASH ESTATES CO-OP



BRISTOL COMMONS/LENOX GREEN

property was leased up within five hours of opening in 2014. Wabash Estates has been 100 percent occupied ever since and has a very large waiting list. The neighborhood proved an ideal location with readily available transportation and full-service shopping including a grocery and pharmacy within walking distance.

The property was developed on excess land owned by the Chizuk Amuno Congregation's Arlington Cemetery, so careful attention was paid to maintain the park-like setting and compliment the cemetery's adjacent forested grounds. Numerous outdoor spaces and exterior seating areas are used for privacy or recreational opportunities.

Internally, Wabash Estates was designed to facilitate the social services needs of residents as they age in place. There is a large service coordinator office, community kitchen and community room with an outdoor patio. The structure is full of energy-efficient features.

Since Wabash Estates is a cooperative, more than a year before it opened seniors on the interested persons list met monthly to learn about the co-op governing process and make decisions such as color schemes, common area décor



Mold grew in many of the units due to flooding, pests proliferated and crime became rampant.

The goal was to create a safe and attractive mixed-income community and reduce the density, yet maintain at least 150

units. To help accomplish the housing requirement, the city of Taunton contributed vacant land less than a mile away, which became Lenox Green. The newly christened Bristol Commons is made up of 88 energy-efficient townhomes, each with one to four bedrooms, while Lenox Green has 72 one- to three-bedroom apartments for a combined 160 units.

The joint development includes a playground, water spray pad, basketball courts, tot lots, community garden, greenhouse, community rooms, classrooms, computer center, food pantry, and social services and management offices. Security cameras and lights were also installed to



deter crime. There are plenty of pedestrian paths that lead to downtown and the nearby bus terminal.

The two sites support a mix of incomes from 30 percent to 60 percent of area median income and many residents receive subsidies from the Taunton Housing Authority. The dual development was funded through a combination of HOPE VI and Community Block Development Grants as well as 9 percent and 4 percent tax credits, and the developer obtained a mortgage.

The community partners with the local police to run a basketball league, offers an after-school program in cooperation with the YMCA and works with the Consulate of Portugal to accommodate the large Portuguese population in Taunton.

of military housing into family homes and a completely retrofitted utility system. The property also meets the criteria for the Enterprise Green Communities for sustainability and features drought-tolerant, native or adaptive species landscaping that also serves to control erosion. Rehabilitation of numerous systems, from roofing to HVAC to appliances and water systems, was designed to reduce energy use by 30 percent compared to their previous use. Additionally, all units are fully furnished.

The village is near urban amenities such as grocery stores, major retailers, a large public park, community college, work center and transportation hubs.

The property has a Community Administrative Team comprised of a traditional lead property manager aided by assistant community administrators experienced in supporting families



BRISTOL COMMONS/LENOX GREEN



BLUE BUTTERFLY VILLAGE



BLUE BUTTERFLY VILLAGE



**BLUE BUTTERFLY VILLAGE** in San Pedro, Calif., was created to house and support 73 low-income, homeless veterans, focusing on survivors of military sexual trauma along with their families. The units on this 9-acre site are primarily

two-story, two-bedroom townhouse units, making them appropriate for families as opposed to most veteran housing that is geared toward individuals.

The village was built on land that was made up of donated parcels including land from the Department of the Navy through the Defense Base Closure and Realignment Act of 1990. Financing for the property was a combination of equity derived from the sale of Low-Income Housing Tax Credits (LIHTC) and loans from multiple sources. Rental income, project-based vouchers and the HUD-Veterans Affairs Supportive Housing Program support operating expenses.

Innovative features of the village range from its rehabilitation

that have been destabilized through sexual or domestic violence trauma achieve housing stability.

Since it is a family-oriented community, the village also offers after-school transportation and supervision for children of single-parent households in cooperation with the local Boys & Girls Club, the Toberman Neighborhood Center and the Children's Home Society. There is also a nearby Head Start and Early Head Start program.



The challenge for the developers of **777 MAIN** in Hartford, Conn., was to convert a property with a long history into a mixed-use, mixed-income community.

The state's first bank, Hartford National Bank, opened in 1792 on the site, in what was Bull's Tavern, and operated until 1811. In the 1960s, the bank demolished the original building to make way

*continued on page 20*

for a new 26-story tower, that at the time, was the second tallest building in the city. Its last tenant, Bank of America, vacated it in 2011 when the economy took a down turn.

The renovation resulted in 60,000 square feet of commercial space, a 250-car garage and 285 apartments—59 of which are affordable. The penthouse, formerly used by the bank's board members, was converted into a communal space open to all residents complete with fitness center, art gallery, library, screening room, club room and 360-degree terrace. The apartments, which include studio, and one- and two-bedroom floorplans, feature an open concept layout, floor-to-ceiling windows, chef-quality kitchens with stone countertops and stainless steel Energy Star appliances, walk-in closets and washers and dryers.

The commercial space includes a mix of businesses that have been at the site since the 1980s as well as newcomers, ranging from an optometrist to yoga studio to a camera shop to eateries.

The property is listed on the Connecticut and National Regis-



most endangered places in 2011.

The mill was purchased in 2013 and a plan to revitalize the complex into 251 affordable artist apartments was born. The property utilized a variety of financing methods including LIHTC, federal and state historic tax credits, tax-exempt bonds, grants and soft loans.

The age and location of the building created a number of environmental and structural concerns as well as challenges

1880 and the complex continued to expand through the early 1990s. In 2003, milling operations at A-Mill ceased and the facility sat vacant and decaying. It was placed on the National Trust for Historic Preservation's list of 11



777 MAIN



777 MAIN



A-MILL ARTIST LOFTS

ters of Historic Places. It was financed through a combination of a Capital Region Development Authority loan, the sale of state and federal historic tax credits, a HUD loan and green building incentives. With the energy-efficient upgrades, the building uses half the energy it previously did. Some of the amenities offered to residents include 24/7 concierge, package management, complimentary bikes, resident referral rewards, monthly resident events and discounts to local businesses.

The main goal of **A-MILL ARTIST LOFTS** in Minneapolis, Minn., was to repurpose a vacant mill to provide affordable housing to artists. Today, it is fully occupied with more than 400 artist residents.

The first buildings at Pillsbury A-Mill were built in



To learn more about the winning properties, visit the Vanguard Award webpage at [www.nahama.org](http://www.nahama.org).

with the preservation of some of the building's features.

A-Mill was able to overcome the obstacles and even incorporated a functioning hydroelectric system using the existing infrastructure that powered the mill in its heyday.

The development provides a mix of community spaces geared toward artists to work and show their creations, ranging from dance, clay, paint and photography, and includes private art studios, performance hall, gathering spaces and art rails for displays.

The property provides affordable housing for artists making 60 percent or less of the area median income and gives them a quality apartment home with finishes similar to luxury apartments in the area for 60 percent less than market rents. The adaptive reuse of a vacant mill and warehouse into viable residential living spaces has changed the socio-economic viability of the neighborhood. Since the announcement of the Pillsbury A-Mill development, neighborhood establishments have flourished and development has started at nearby abandoned commercial property. **NN**





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# Industry Provides Comments On Community Reinvestment Act

**N**AHMA signed a joint industry letter sent to the Office of the Comptroller of the Currency (OCC) in May providing comments supporting the OCC's white paper, *Supporting Responsible Innovation in the Federal Banking System*, saying, "banks are a critically important source of financing for affordable rental housing."

According to the letter, led by the National Association of Affordable Housing Lenders, the industry supports the OCC's recognition that ensuring fair access to financial services includes financing affordable rental housing, saying the industry is

encouraged to read that: "The OCC may also issue guidance on its expectations related to products and services designed to address the needs of low- to moderate-income individuals and communities and may encourage innovative approaches to financial inclusion by promoting awareness of other activities that could qualify for Community Reinvestment Act [(CRA)] consideration."

The letter went on to say, "that CRA would far more effectively encourage financing for affordable housing, including through innovative financial products and delivery systems, if the OCC and its col-

league banking agencies provide greater clarity, certainty, and consistency with regard to how affordable housing activities will receive CRA consideration."

The letter did make recommendations, which would not require changes to the CRA regulation or to the underlying statute. Some of the recommendations included the need for further clarification of 2013 guidance, changes to the responsiveness rating for specialty banks, simplifying the Primary CD Purpose policy and equivalent consideration to loans and credit enhancements, among others. **NN**

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# Discussing the Latest in Public Policy in the City by the Bay

NAHMA MEMBERS ENJOYED THE CRISP San Francisco weather and packed as much education and fun as they could into one day at the NAHMA Public Policy Issues summer forum, June 15, at the Parc 55 San Francisco, a Hilton Hotel.

After a morning filled with committee meetings, attendees honored the 2016 Vanguard winners (see details on page 17) and learned about the future of affordable housing from keynote speaker Carol Galante.

Two education sessions followed: the first led by Vivian Wan, chief operating officer, Abode Services; Alex Chan, manager, advisory services, Nonprofit Finance Fund; and Danielle Wildkress, associate director, Corporation for Supportive Housing, explored the pay-for-success model and how it is being used in the affordable housing industry. The second panel, led by Gwen Volk, president,

Gwen Volk Infocus Inc., and Larry Sisson, president, TESCO Properties Inc., discussed the most recent updates on fair housing issues.

The action then shifted to Twenty Five Lusk for the NAHMA Educational Foundation fundraiser dinner, which highlighted scholarship winner Rhasaan Nichols of Philadelphia, who is now a freelance director in Los Angeles, and Inspiration Award winner William M. Kargman, president of First Realty Management (see page 25).

NAHMA also presented four sessions at the co-located National Apartment Association's Education Conference & Exposition, June 16-18.

NAHMA's next meeting, the Regulatory Issues fall meeting, takes place Oct. 23-25, at The Fairmont Washington in Washington, D.C. Details are available at [www.nahma.org](http://www.nahma.org).

*Photos by Larry Falkow*





## SUMMER MEETING



1



2



3



4



5

1: NAHMA members gather for the Vanguard Awards luncheon and to hear keynote speaker, Carol Galante.

2: Carol Galante, faculty director of the Turner Center for Housing Innovation at University of California, Berkeley, and former assistant secretary for housing/federal housing commissioner at HUD, provides the keynote address.

3: Megan Davidson, vice president of Wells Fargo Insurance Services USA Inc., explains why Wells Fargo is proud to sponsor the Vanguard Awards.

4: Sonya Brown and Christina Sanchez, both of National Church Residences, get ready for the next session.

5: Members have some fun in the photo booth during the NAHMA Educational Foundation fundraising dinner at Twenty Five Lusk.

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**TOP:** Committee members discuss the topics on the meeting agenda.

**MIDDLE:** Larry Sisson, president, TESCO Properties Inc., Gwen Volk, president, Gwen Volk Infocus Inc., and Larry Keys Jr., NAHMA director of government affairs, lead a discuss on the most recent updates on fair housing issues.

**BOTTOM:** Former scholarship winner, Rhasaan Nichols, tells his story at the NAHMA Educational Foundation dinner.



LARRY FALKOW

## NAHMA Educational Foundation Honors William Kargman

The NAHMA Educational Foundation honored William M. Kargman, president of First Realty Management, as the 2016 Inspiration Award recipient at the NAHMA summer forum in June. The award recognizes individuals for their long-time commitment to the advancement of educational opportunities for those working within the affordable housing industry and the residents they serve.

Kargman was recognized for his passion, vision and the profound impact he has had in advancing education in affordable housing communities. The Lynn & William Kargman Fund has generously supported the foundation's scholarship program over the years. Additionally, Kargman has been at the national forefront of the industry for more than 40 years. He served as NAHMA's first president in 1990 and was the first to propose NAHMA's Community of Quality concept as a benchmark of successful management of affordable housing.

"My 26 years of association with NAHMA has been one of the most rewarding educational experiences of my life," Kargman said.

# Highlighting Talented Member Residents

**W**innie Mei, a 10th-grader from Brighton, Mass., has been named the grand prizewinner in NAHMA's annual AHMA Drug-Free Kids poster and art contest. Her artwork will appear on the cover of NAHMA's 2017 calendar. Winnie, 16, also receives an all-expenses-paid trip to Washington, D.C., for NAHMA's Regulatory Issues fall meeting in October, as well as a scholarship of \$2,500 from the NAHMA Educational Foundation.

The poster contest is open to children and senior residents 55 years or older who live in a community of a NAHMA or a local Affordable Housing Management Association (AHMA) member company and residents with special needs who live in a permanent supportive housing community or Section 811 community of a NAHMA or a local AHMA member

company. This year's contest tackled an important issue in many people's lives with the theme, Words That Heal: Stop Bullying, Spread Kindness.

Nearly 5,000 eligible residents participated in the nationwide contest. Each child winner of the NAHMA contest receives a \$1,000 educational scholarship from the foundation. A \$1,000 cash award is made in the name of the adult winners to their community for use in purchasing or funding a project from which all of the community's residents will benefit. All winners are also featured in the 2017 calendar.

Additionally, participants in the annual art contests held by the local AHMAs are eligible to be selected as Regional AHMA Art Contest Honorable Mentions. Those selected for this distinction will have their artwork featured in a special section of the NAHMA 2017 Drug-Free Kids calendar

and receive a \$100 scholarship. These participants are in addition to those that were selected as national winners.

The original winning artwork will be auctioned at the fall meeting, Oct. 23-25, with the proceeds supporting the foundation's scholarship program.

For the contest, the artwork is divided into seven categories with winners selected from each of the following: kindergarten-first grade, second-third grades, fourth-sixth grades, seventh-ninth grades, 10th-12th grades, seniors, and residents with special needs. Only students are eligible for the grand prize.

Calendars go on sale beginning in September and are available by visiting NAHMA's Online Store at [www.nahma.org](http://www.nahma.org). The cost is \$5.50, which is a Department of Housing and Urban Development and U.S. Department of Agriculture allowable project expense. **NN**

## And the Winners Are

**The following lists this year's national program winners, with their ages, grade/category, community where they live, management company and name of the AHMA that submitted their artwork.**

### GRAND PRIZEWINNER

**Winnie Mei**, 16, 10th grade; Charlesview Residences, Brighton, Mass.; Peabody Properties Inc.; NEAHMA

### NATIONAL WINNERS

**Anya Baker**, 12, sixth grade; NIA Amity Heights Apartments, Bridgeton, N.J.; Interstate Realty Management Company; JAHMA

**Natalia Espinosa**, 8, third grade; Cornerstone at Japantown, San Jose, Calif.; EAH Housing Inc.; AHMA-NCH

**Eli Frost**, 5, kindergarten; Alco Apartments, Scottsville, Ky.; Alco Management Inc.; SAHMA

**Zy'Erica Haynes**, 12, seventh grade; NIA Amity Heights Apartments, Bridgeton, N.J.; Interstate Realty Management Company; JAHMA

**Yusuf Ibrahim**, 8, third grade; Charlesview Residences, Brighton, Mass.; Peabody Properties Inc.; NEAHMA

**J. Johnson**, 13, eighth grade; Pittsburgh, Penn.; McCormack Baron Management Services; PAHMA

**Anthony Keshishyan**, 10, fifth grade; Gardens on Garfield, Glendale, Calif.; TSA Properties; AHMA-PSW

**Jessica Lauzon**, 12, seventh grade; Bay Village, Fall River, Mass.; First Realty Management Corp.; NEAHMA

**Alondra Marrero**, 6, kindergarten; Pelham Apartments, Framingham, Mass.; Corcoran Management Company Inc.; NEAHMA

**Jean Mistretta**, 73, senior; Linwood Mill, Whitinsville, Mass.; Peabody Properties Inc.; NEAHMA

**Elizabeth Prieto**, 15, eighth grade; Southpark Apartments, Columbus, Ohio; American Apartment Management; MAHMA

**Alton Stuckey**, 45, special needs; Spring Villa Apartments, North Providence, R.I.; WinnResidential; NEAHMA

**Jeziel Vázquez**, 11, sixth grade; Villas de Manatí, Manatí, Puerto Rico; Martinal Management Corp.; SAHMA

### HONORABLE MENTIONS

**Adyiah Burnaby**, 17, 11th grade; Council Groves Apartments, Missoula, Mont.; Tamarack Property Management Company; Rocky AHMA

**Ciondra Craig**, 12, seventh grade; Winnsboro Arms, Winnsboro, S.C.; Southern Development Management Company Inc.; SAHMA

**Juanita Gallegos**, 44, special needs; Country Club Village Apartments, San Antonio, Texas; Prospera Housing & Community Services; SWAHMA

**Savorahan Powell**, 65, senior; Opportunities Towers I & II, Philadelphia, Penn.; Community Realty Management; PennDel AHMA

**Dimfred Rodríguez**, 15, ninth grade; Marie Gardens Apartments, Cabo Rojo, Puerto Rico; Fernando L. Sumaza & Co. Inc.; SAHMA

**Bette Shapiro**, 71, senior; Ocean Park Villas, Santa Monica, Calif.; G&K Management Company; AHMA-PSW

**Tracy Smith**, 53, special needs; Stonecroft Apartments, Hagerstown, Md.; Interstate Realty Management Company; Mid-Atlantic AHMA

# Seventy-Nine NAHMA Scholars Selected in 2016

**O**n June 15, at the annual NAHMA summer meeting in San Francisco, the NAHMA Educational Foundation approved the selection of 79 NAHMA scholars. Each recipient will receive a \$2,500 scholarship. This year's awards are worth a total of \$197,500. Since the foundation began awarding \$2,500 to each recipient in 2014 the awards have totaled \$579,500.

The 2016 NAHMA scholars come from 23 different states and

received. Our ability to fund these awards is a direct result of the generous and continuing support of our many donors. The foundation is truly grateful to each and every donor for their support," NAHMA foundation chairperson, Melissa Fish-Crane, commented at the foundation gala on the evening of June 15.

During the aforementioned festivities, the foundation honored longtime NAHMA member and supporter of the NAHMA Educational Foundation Bill Kargman from First

**"The NAHMA foundation was very pleased with the strong application response that was received in 2016 and the outstanding overall quality of the applications we received. Our ability to fund these awards is a direct result of the generous and continuing support of our many donors. The foundation is truly grateful to each and every donor for their support."**

represent 13 different AHMAs. The scholarship program received more completed applications this year than in any of the previous 10 years the program has been in existence. Achieving this milestone was accomplished in large part due to the efforts of the AHMAs' staff, management company employees, and apartment community personnel's support in encouraging and assisting residents in completing their individual application.

"The NAHMA foundation was very pleased with the strong application response that was received in 2016 and the outstanding overall quality of the applications we

Realty Management in Boston with the 2016 Inspiration Award. Also present at the event was previous NAHMA scholar, Rhasaan Nichols. Nichols, who grew up in affordable housing in Philadelphia, graduated from Yale University, while receiving NAHMA scholarship funds, with a degree in filmmaking. He now resides in Los Angeles and works as an independent filmmaker. He shared his compelling story and his charismatic personality allowed him to make many new friends at the event.

Watch this space in the September/October issue of NAHMA News for a complete listing of all 79 2016 NAHMA scholars. **NN**



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# REGULATORY WRAP-UP

**CONGRESS APPROVES HOTMA:** In July, the Senate passed, by unanimous consent, the Housing Opportunity through Modernization Act of 2015, which would streamline and reform federal housing programs. The House unanimously passed the bill in February. NAHMA advocated in favor of the bill since its introduction by Rep. Blaine Luetkemeyer (R-MO) in October 2015. NAHMA's advocacy efforts included meeting with congressional member staff and signing on to several industry coalition letters in support of the legislation.

The legislation will improve the Section 8 Housing Choice Voucher Program for both residents and owners by maximizing the impact of taxpayer dollars and eliminating inefficiencies.

The legislation encourages efficiency within the Department of Housing and Urban Development's (HUD) rental housing programs and facilitates greater private sector participation in affordable housing overall.

The act restructures the Section 8 Housing Choice Voucher (HCV) program by:

Increasing the maximum contract term for project-based vouchers from 15 to 20 years; Streamlining income reviews/determinations; Streamlining physical inspection protocols; Authorizing HUD to collect utility data; and Authorizing USDA's Multifamily Housing Revitalization Program and providing authority for USDA to delegate guaranteed rural housing loan approval to preferred lenders.

## INITIATIVE TO PRESERVE MULTIFAMILY FIELD OFFICES

IN MAY, REP. MAXINE WATERS (D-CA), ranking member of the Committee on Financial Services, introduced legislation with 14 other California Democrats to address concerns with the Department of Housing and Urban Development's (HUD) initiative to consolidate its multifamily offices, known as the Multifamily Transformation. The initiative is being implemented across the country.

The bill, Preserving HUD's Multifamily Field Offices Act of 2016, seeks to preserve adequate asset management staff in each of HUD's 54 multifamily field offices across the country. HUD's Office of Multifamily Housing and its network of field offices oversee nearly 30,000 federally insured multifamily properties, and the asset management staff in particular is responsible for managing this growing and increasingly complex portfolio.

In response to concerns about

shortages of asset management staff in field offices as a result of the Multifamily Transformation, this bill would require HUD to backfill all asset management positions in every field office and would authorize the appropriation of any funds that are necessary to implement this action.

HUD's initial transformation plan would have completely closed and relocated dozens of offices across the country. Waters also successfully introduced an amendment to the fiscal year 2015 HUD funding bill that required HUD to stick to a modified version of the transformation plan, which maintains asset management staff in all existing field offices. However, there continue to be concerns that HUD is not replacing asset management staff vacancies in most field offices, and only hiring new asset management staff in the new consolidated core offices.

## HUD NEWS

**IN MAY HUD ISSUED AN UPDATED HUD-9834 FORM FOR USE ON ALL MANAGEMENT AND OCCUPANCY REVIEWS.** The revised form, effective immediately, contains a revised Office of Management and Budget expiration date of April 30, 2018 and corrects various typos identified in the previous version. The new form has been posted to HUDCLIPS.

**ON JUNE 17, HUD ISSUED A PROPOSED RULE TO USE SMALL AREA FAIR MARKET RENTS (FMRS) in the administration of the Housing Choice Voucher (HCV) program for certain metropolitan areas.** HUD is proposing to use Small Area FMRs in place of the current 50th percentile rent to address high levels of voucher concentration. The proposed rule would not revoke any FMR currently set at the 50th percentile rent, and for which the current three-year term for retaining a 50th percentile rent has not expired. Under the rule, HUD would use several criteria for determining which metropolitan areas would best be served by application of Small Area FMRs, including a threshold number of vouchers within a metropolitan area, the concentration of current HCV tenants in low-income areas, and the percentage of renter occupied units within the metropolitan area with gross rents above the payment standard basic range. NAHMA will be submitting members' comments on the proposed rule.

**A MAY NAHMANALYSIS REVIEWS THE PROVISIONS OF THE FINAL RULE,** Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs; it is available at NAHMA.org. The 2014 Appropria-



tions Act authorized HUD to implement certain statutory changes to some of its housing programs administered through the Office of Public and Indian Housing and the Office of Housing, such as allowing for inspection requirements for units assisted through Housing Choice Vouchers (HCVs) or Project-Based Rental Assistance (PBRA) to be satisfied through use of alternative inspection methods. In response to the statutory changes included in the 2014 Appropriations, HUD issued the proposed rule Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs to formally begin the process of implementation. Coupled with the changes mandated by Congress, the proposed rule also included additional changes to streamline regulatory requirements. The department reviewed hundreds of public comment documents on the proposed rule and on March 4, it issued the final rule. This final rule went into effect on April 7 and it includes changes in response to public comment from NAHMA and other industry associations.

**ON JULY 6, NAHMA FORWARDED A NOTICE FROM HUD'S REAL ESTATE ASSESSMENT CENTER (REAC)** with information on updates for their physical inspection protocols. HUD released this notice prematurely, but NAHMA has acquired the revised notice from REAC. The updated notice outlines specific items and deficiencies that REAC inspectors will be examining during an inspection and it includes background information on the updated physical inspection protocols. The updates become effective Aug. 1. The updated Industry Standard Repair notice is on the NAHMA website. NAHMA staff met with HUD REAC staff July 14 to discuss this notice.

## IRS NEWS

**THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO), IN JUNE, ISSUED A REPORT, *Low-Income Housing Tax Credit: Some Agency Practices Raise Concerns and IRS Could Improve Noncompliance Reporting and Data Collection*.** The report is based on GAO's review of all agencies' 2013 Qualified Allocation Plans and site visits/reviews of eight state agencies. The GAO report raised some concerns over the practices used by state agencies to allocate credits, review costs and monitor projects. Additionally, the report recommends that the IRS clarify when agencies should report non-compliance and participate in the Rental Policy Working Group to assess the use of HUD's database to strengthen IRS oversight of the LIHTC. As it did in 2015, the GAO again recommended that Congress should consider designating HUD as a joint administra-

tor of the program responsible for oversight due to its experience and expertise as an agency with a housing mission. To view this report, visit NAHMA's website.

## RD NEWS

**IN JUNE, THE U.S. DEPARTMENT OF AGRICULTURE'S RURAL DEVELOPMENT** issued a notice that outlines the general policies and procedures for the Rural Development Voucher Program (RDVP) for fiscal year 2016. Specifically, the notice outlines the process for providing voucher assistance to eligible residents when a property owner either prepays a Section 515 loan or USDA action results in a foreclosure after Sept. 30, 2005; this includes the particular policy relating to inspection of the housing units and the calculation of the subsidy amount for the resident. A total of \$15 million is available for the RDVP. The notice can be found on NAHMA's website. **NN**

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# EDUCATION CALENDAR

For information on specific classes, contact the AHMA or organization directly. All dates and locations are subject to change. For the most up-to-date listings, visit the NAHMA Education & Event Calendar at <http://www.nahma.org/education/education-event-calendar/>.

## AUGUST

### 11 Understanding REAC

Rhode Island  
NEAHMA  
781-380-4344  
[www.neahma.org](http://www.neahma.org)

### Kids Day Event

Pawtucket, RI  
NEAHMA  
781-380-4344  
[www.neahma.org](http://www.neahma.org)

### Tax Credit Compliance and Common Errors

Webinar  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### MOR: Tenant Selection

Columbus, OH  
MAHMA  
614-481-6949  
<http://mahma.com>

### Death of a Tenant

Webinar  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### HUD Requirements Related to Criminal Activity

Conference Call  
SAHMA  
800-745-4088  
[www.sahma.org](http://www.sahma.org)

### 12 Education Express: A Four Topic Training in No Time at All!

La Grande, OR  
Oregon AHMA  
503-357-7140  
[www.oregonaffordablehousingmanagement.com](http://www.oregonaffordablehousingmanagement.com)

### 15 2016 Regional Conference for Affordable Housing

Jacksonville, FL  
SAHMA  
800-745-4088  
[www.sahma.org](http://www.sahma.org)

### 16 Income & Asset Verification and Calculation

Richmond, VA  
Mid-Atlantic AHMA  
804-673-4128  
<http://mid-atlanticaahma.org>

### Trends & Hot Topics in Fair Housing

Roseburg, OR  
Oregon AHMA  
503-357-7140  
[www.oregonaffordablehousingmanagement.com](http://www.oregonaffordablehousingmanagement.com)

### Las Vegas Seminar

Las Vegas, NV  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### Reasonable Accommodations

Worcester, MA  
NEAHMA  
781-380-4344  
[www.neahma.org](http://www.neahma.org)

### 17 Trends & Hot Topics in Fair Housing

Grant Pass, OR  
Oregon AHMA  
503-357-7140  
[www.oregonaffordablehousingmanagement.com](http://www.oregonaffordablehousingmanagement.com)

### FHC

Las Vegas, NV  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### 17-18 SHCM 1 1/2 Day Prep Course & SHCM Exam

Hartford, CT  
NEAHMA  
781-380-4344  
[www.neahma.org](http://www.neahma.org)

### 18 Property Management Skills

Richmond, VA  
Mid-Atlantic AHMA  
804-673-4128  
<http://mid-atlanticaahma.org>

### 18 Basic Hands-On Plumbing

Stoughton, MA  
NEAHMA  
781-380-4344  
[www.neahma.org](http://www.neahma.org)

### 23 HUD's New Guidance on Criminal Backgrounds

Webinar  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### Self-Auditing Tax Credit Files

Webinar  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### Basic HUD Occupancy

Long Beach, CA  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### Basic Occupancy

Providence, RI  
NEAHMA  
781-380-4344  
[www.neahma.org](http://www.neahma.org)

### 24 LIHTC Fundamentals

Grand Rapids, MI  
MAHMA  
614-481-6949  
<http://mahma.com>

### Housing Protections for Victims of Domestic Violence

Webinar  
SAHMA  
800-745-4088  
[www.sahma.org](http://www.sahma.org)

### 25 LIHTC Advanced

Grand Rapids, MI  
MAHMA  
614-481-6949  
<http://mahma.com>

### Fair Housing for Managers (a.m.) Fair Housing for Maintenance (p.m.)

Riverside, CA  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### 25 SHCM Exam

Grand Rapids, MI  
MAHMA  
614-481-6949  
<http://mahma.com>

### 26 COQ Submissions Due to NEAHMA

NEAHMA  
781-380-4344  
[www.neahma.org](http://www.neahma.org)

### 30 Trends & Hot Topics in Fair Housing

La Grande, OR  
Oregon AHMA  
503-357-7140  
[www.oregonaffordablehousingmanagement.com](http://www.oregonaffordablehousingmanagement.com)

## SEPTEMBER

### 7 How to Write an (Approvable) Affirmative Fair Housing Market Plan

Webinar  
SAHMA  
800-745-4088  
[www.sahma.org](http://www.sahma.org)

### 8 REAC

Grand Rapids, MI  
MAHMA  
614-481-6949  
<http://mahma.com>

### Basic Tax Credit Eligibility

Webinar  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

### HUD's New Guidance on Criminal Backgrounds

Webinar  
AHMA-PSW  
866-698-2462  
[www.ahma-psw.org](http://www.ahma-psw.org)

## Finding Her Voice

LIKE MOST PROPERTY MANAGERS, Heather Staggs did not start out in the affordable housing industry. Instead, she had to learn it on the fly. Now, as president of her own company, S.T.A.R. Momentum Compliance Consulting Inc., she is teaching others the ropes.

"I had been in [conventional] property management since my early 20s. I moved to Nebraska and I couldn't find a job in property management," Staggs said. "I found a new housing credit community, applied for the position and got

ing to improve my skills. Today, I sometimes do training for groups of up to 200 people. It's funny to me now, there was a time I said I would never do this again."

While the company has a few staff members, Staggs is the only trainer at S.T.A.R. Momentum, which is an acronym for Section 8, Tax credit, Affordable housing and Regulatory compliance.

For now, she travels across the coun-



from property management to training and consulting, she does not see herself leaving the affordable housing arena. "I'm a lifer," she said. "Once it gets into your blood, you aren't going anywhere."

One of the best parts about the industry, Staggs said, is getting to see the difference in the lives of the people the industry serves. "As an affordable housing professional, it is fulfilling when you can help people and you very quickly get to see the fruits of your labor," she said.

When Staggs isn't working, she loves to play golf. In fact, she jokingly said one of her goals is "to retire early so she can play golf every day." **NN**

**S.T.A.R. Momentum is based in Littleton, Colo., but Staggs' goal is to establish regional offices in other states by 2018. That way, she said they would have the insight on issues specific to the area.**

the job. On my first day they handed me keys and a manual and I was left to figure it out."

So, she took a lot of courses and moved up the company ladder, eventually serving as a regional manager with properties in three states.

However, it was her next position that helped set her on the path to starting her own business four years ago. During her eight years with the Colorado Housing and Finance Authority, Staggs had to provide training related to affordable housing programs.

"I really had a huge fear of public speaking and I had a class that went very badly," Staggs said. "I went to my supervisor at the time and said that I do not want to ever have to teach again. I also said I knew training was part of my job description when I was hired so I understood if they had to fire me. Instead, they provided outside train-

try providing training courses to affordable housing on-site property managers, managing agents, property owners and federal and state regulatory agency professionals. Additionally, the company provides compliance, resident file review and approval services as well as consulting services for owners looking to acquire new assets.

S.T.A.R. Momentum is based in Littleton, Colo., but Staggs' goal is to establish regional offices in other states by 2018. That way, she said they would have the insight on issues specific to the area.

"When we are monitoring for a site, we not only monitor at the federal level, we strive to monitor for local, state level as well. If we have an office in the area, we can understand the nuances of the local affordable housing industry," she said.

Even though Staggs has transitioned

### Welcome New Members

**NAHMA welcomes the following new members as of July 27, 2016.**

#### EXECUTIVE

LaDonna Holley, Presbyterian Villages of Michigan, Southfield, Mich.

#### AFFILIATE

Diane Van Lear, Buyers Access, Denver, Colo.

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

## thelastword

# Another Successful Meeting in the Books; Time to Think About October



THE COOL AIR OF SAN FRANCISCO did not put a damper on the annual NAHMA Public Policy Issues summer forum. Members gathered at the Parc 55 San Francisco in June to hear keynote speaker, Carol Galante, faculty director of the Turner Center for Housing Innovation at University of California, Berkeley, provide insight on what she sees as the future of affordable housing.

The two back-to-back education sessions also drew a crowd. The first led by Vivian Wan, chief operating officer, Abode Services; Alex Chan, manager, advisory services, Nonprofit Finance Fund; and Danielle Wildkress, associate director, Corporation for Supportive Housing, explored the pay-for-success model and how it is being used in the affordable housing industry. The second panel, led by Gwen Volk, president, Gwen Volk Infocus Inc., and Larry Sisson, president, TESCO Properties Inc., discussed the most recent updates on fair housing issues.

Additionally, NAHMA members celebrated this year's crop of Vanguard Award winners (see more about the winners on

page 17). Congratulations to the winners for their dedication to providing high quality and innovative affordable multi-family housing.

After a day of committee meetings and informative seminars, it was time to unwind at Twenty Five Lusk for the NAHMA Educational Foundation's California wine festival themed networking and fundraising celebration. Former scholarship winner Rhasaan Nichols told his story and talked about his first documentary feature made in honor of his sister.

A highlight of the evening was the presentation of the Inspiration Award to William M. Kargman, president of First Realty Management.

The event also featured the ever-popular photo booth and a roving magician, with his son apprenticing, who mesmerized members and their guests throughout the night with their slight-of-hand tricks.

On behalf of the NAHMA board, thanks to everyone who made the summer forum and the evening activities a success, including the Educational Foundation planning committee and regional host AHMA-NCH

for a wonderful fundraising dinner. A special thank you to Melissa Fish-Crane, Nancy Hogan, Mark Livanec, Megan Davidson and Gemi Ozdemir of the Educational Foundation for an extraordinary effort in raising more than \$420,000 in scholarship funds.

The board would especially like to thank its June meeting sponsors HD Supply Multifamily Solutions, Yardi Systems, Wells Fargo Insurance Services, Integrated Property Management Software and Clark Schaeffer Hackett, without whose support none of this would be possible. We would also like to thank the panelists that took part in NAHMA's four educational sessions during the co-located NAA conference.

While you can relive all the fun by viewing the photographs on NAHMA's Facebook page, it is time to start making your plans to attend the NAHMA Regulatory Issues fall meeting, Oct. 23-25, at The Fairmont Washington in Washington, D.C. Details are available at [www.nahma.org](http://www.nahma.org).

See you there. **NN**

*Ken Pagano, CPM, SHCM, NAHP-e, is president of Essex Plaza Management and president of NAHMA.*