

NAHMA News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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FY 2014 Budget Deal Passes

While the recently enacted Bipartisan Budget Act of 2013 provides parameters for the work of Congressional appropriators, the effects of last year's sequester and continuing resolution hang on and raise questions about the continuity of funding for affordable housing programs.

President Obama signed the budget deal into law on December 27, 2013.

The act sets overall discretionary spending for fiscal year 2014 at \$1.012 trillion and provides \$63 billion in sequester relief over the next two years. The relief from sequester cuts will be divided equally between defense and non-defense programs.

However, the sequester is not completely eliminated. Though the relief package will be provided for 2014 and 2015, the sequester will remain in effect until 2021. Future presidents will be required to sequester the same percentage of mandatory spend-

"After months of dismaying gridlock in Congress, it is encouraging to see members [of Congress] are taking the necessary steps to improve government operations."

ing resources in 2022 and 2023 as will be sequestered in 2021 under current law.

Reflecting membership feedback, NAHMA's top priority for the conference committee working on the budget was to see an end to the across-the-board budget cuts under sequestration. The bipartisan deal resolved enough differences between the House and Senate budget blueprints so that after the end-of-year break, Congress could return its focus to fiscal 2014 funding bills.

Congress faced a hard deadline of January 15, 2014, when the continuing resolution (CR) enacted in the fall of 2013 was scheduled to end.

"After months of dismaying gridlock in Congress, it is encouraging to see members [of Congress] are taking the necessary steps to improve government operations," said NAHMA in a message to its members, while pledging continued advocacy "for full-funding for HUD and USDA multifamily programs as... the eventual appropriations bills are drafted."

continued on page 4

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New Year Focus on Tools to Get the Job Done

AS SEVERAL OF THE ARTICLES in this issue of *NAHMA News* makes plain, affordable housing is as negatively affected by the gridlock on Capitol Hill as every other program that relies on and/or is regulated by the federal government. This challenging environment only serves to motivate us all to work harder.

As we head into the new year, we remain focused on providing cutting edge grassroots advocacy tools to our members so they can make their voices effectively heard on Capitol Hill. For the latest tools, please check out the Grassroots Advocacy section on the NAHMA website, www.nahma.org, as well as the NAHMA Facebook, LinkedIn and Twitter pages (which you can find through our website as well). Meanwhile, we are also focused on launching some additional exciting new programs and tools on behalf of NAHMA members in 2014, including our first new coursework in some 15 years (our new Advanced Issues in HUD Occupancy course), and a complete overhaul of the NAHMA website.

A NEW COURSE IN THE WORKS

At presstime, work has just begun on development of our new one-day Advanced Issues in HUD Occupancy course, which will cover advanced issues related to working with the HUD 4350.3 Occupancy Handbook (version REV 1-Change 4), managing mixed-finance properties, and other high-level topics. Development of the course is being sponsored by Yardi, and NAHMA has contracted with Nan McKay and Associates (NMA) to produce it. First offerings of the course, which will be presented through the AHMAs, will be available this coming fall. (See article on page 22.)

AN UPGRADED WEBSITE

As you may have noticed in 2013, we have improved the basic appearance and navigation of the NAHMA website. Also in 2013, we unveiled the second generation of NAHMA Maps, which is now accessible on any mobile device. To see the new NAHMA Maps webpage, visit <http://www.nahma.apartmentsmart.com/>. However, in 2014 we will undertake a comprehensive redesign of the website that will make our content easier to find with fewer clicks and the site more functional from a search and e-commerce perspective.

THIS IS FOR ADVOCACY!

We can't emphasize enough, though, the importance of grassroots advocacy that the website makes easier. You are the voters your members of Congress need to hear from. **Just one** letter or call from a constituent can have a serious impact on the decisions our representatives are making **right now**. As the article on the federal budget (starting on page 1) indicates, there is a lot at stake for affordable housing in current deliberations.

MUCH TO CELEBRATE

Even in the midst of funding crises, affordable housing owners, developers and managers are doing an outstanding job in creating homes for the nation's less fortunate. Our Communities of Quality® program had more entrants in 2013 than ever before, and the competition for the awards was very tight. See the article on page 17 for descriptions and photos, and you'll see what I mean. **NN**

Kris Cook is Executive Director of NAHMA.

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DISCRETIONARY SPENDING GOALS

In fiscal 2013, both the House and Senate tried to finalize appropriations bills under different budgets. The budget passed by the House had discretionary spending for fiscal 2014 set at \$967 billion; the Senate's budget had discretionary spending set at \$1.058 trillion.

With such a large gap between budgets, the subsequent appropriations bills were widely different and caused highly partisan impasses between Democrats and Republicans. The new bipartisan budget accord sets targets for defense and non-defense discretionary spending, and poses methods for offsetting the sequester's reduced funding. Important features of the deal include:

■ For fiscal 2014, the budget act sets defense discretionary spending at \$520.5 billion and non-defense discretionary spending at \$491.8 billion, for overall discretionary spending of \$1.012 trillion in fiscal 2014.

■ Specific deficit-reduction provisions in the deal offset the reduced sequester, with mandatory spending savings and non-tax revenue totaling approximately \$85 billion. The Budget Conference Committee estimated that the Bipartisan Budget Act will reduce the national deficit by between \$20 and \$23 billion.

■ The act also sets spending levels for fiscal 2015, with defense discretionary spending set at \$521.27 billion and non-defense discretionary spending set at \$429.36 billion. Overall discretionary spending for fiscal 2015 will total \$1.014 trillion.

NEAR-TERM FUNDING CONCERNS

The budget act offers a compass for better federal fiscal decision-making over the next years. In the first quarter of FY 2014, however, the effects of the sequester and the continuing resolution loomed over affordable housing operations and added further complexity to the management of affordable properties.

For example, some rural properties struggled with funding problems because the funding allocation set under the continuing resolution for the Rural Rental Assistance program was based on the FY 2013 funding level after sequestration. In November 2013, some NAHMA members were informed by USDA's Rural Development (RD) that the continuing resolution allocation provided insufficient funding to renew their Rental Assistance contracts in December.

NAHMA immediately sought an explanation and time frame for resolu-

tion from RD. The agency responded that it requested an "exception apportionment" which would provide the additional funding necessary to cover the remainder of the continuing resolution period. RD received the additional funding in mid-December.

An "exception apportionment" describes the written allotment that is distributed for operations in place of the funding issued under a continuing resolution. The Office of Management and Budget (OMB) may distribute different amounts for accounts that received OMB-approved exception apportionments under a short-term continuing resolution.

However, a similar underfunding challenge for certain owners and administrators in fiscal 2013 would not be addressed by the RD request. The exception apportionment pertains to fiscal 2014 renewals and does not affect the owners who failed to receive their subsidy payments in September 2013. NAHMA will continue to follow the issue closely and will alert members of any new developments.

On the other hand, the Bipartisan

Budget Act lends a major consideration to Tenant-based and Project-based Section 8 properties. Lawmakers agreed to preserve the "advance appropriations" for the programs. In FY 2014, Project-based Section 8 received an advance appropriation of \$400 million. The Tenant-based Housing Choice Voucher Program received \$4 billion in FY 2014 advance appropriations.

An "advance appropriation" is an appropriation of new budget authority that becomes available one or more fiscal years beyond the fiscal year for which the appropriation act was passed. These

advanced appropriations provide funding to continue contract renewals after a fiscal year is over and the new one officially begins.

SEQUESTER PERILS

The Bipartisan Budget Act provides some softening for the ongoing impacts of the sequester. Throughout the negotiations on the budget act, NAHMA and its members presented a unified voice on the perils of sequestration and insufficient funding, urging that:

■ Congress should replace sequestration with pragmatic and responsible solutions to deficit reduction. At the very least, affordable multifamily housing programs should be exempt from sequestration.

■ Unpredictable or insufficient funding in 2014 could lead to further harm to Project-based Section 8 and Section 521 Rental Assistance properties.

■ Another round of sequestration could result in low-income families losing Housing Choice Voucher assistance in 2014.

■ Eliminating the sequester could add 900,000 jobs to the U.S. economy in

With such a large gap between budgets, the subsequent appropriations bills were widely different and caused highly partisan impasses between Democrats and Republicans.

Vista: From Startup to NAHMA Top 100



Bern DuPree
CPM, HCCP, SHCM
Vice President,
Vista Capital Management

Q: Tell us about Vista Capital Management.

A: We are a privately held, full-service property management company founded in 2007. Our senior management team has decades of experience in real

estate management throughout the mid-Atlantic and southeastern regions of the United States. We currently operate in Maryland, Virginia, Tennessee, North Carolina and South Carolina. Over the past six years, our portfolio has grown from approximately 2,000 to more than 5,000 units: about 90% of which are affordable housing.

Q: How has technology helped Vista become successful and grow?

A: Yardi has been instrumental in our ability to grow from a startup company to being recognized in the 2012 NAHMA Affordable 100 list. Our expertise with Yardi Voyager® is a key part of our ability to provide institutional-grade property and asset management services to our clients.

Q: How does operating on a single software platform benefit Vista?

A: We are believers in the single platform model. Voyager is the core of our operations – we've had tremendous success building on the solution. Voyager gives us real-time, 24/7 access to everything happening at our properties. As a result, we are able to provide quicker, more proactive responses to our properties' needs. Additionally, Yardi gives us the ability to perform exception-based reporting and view trends across our portfolio.

solve problems more efficiently for our clients. We are impressed with the level of business intelligence that Orion can deliver, including its ability to quickly display property/portfolio data and key performance indicators on a customizable dashboard. We anticipate savings in terms of time and money from Orion.

Q: What are Vista's future plans?

A: Based on how well RENTCafé™ has worked for our conventional housing communities, we plan to explore the capabilities of HOUSINGCafé™ for

“Yardi Voyager is the core of our operations – we've had tremendous success building on the solution.”

Q: Have you recently expanded your software platform?

A: Yes. We recently implemented Yardi Resident Screening™, Yardi Orion™ Business Intelligence, and Yardi Orion™ Document Management. These strategic additions will further our efforts to identify and

our affordable properties. We are also considering mobile solutions that Yardi offers for inspections and maintenance. Above all, we plan to continue to provide the best service possible with complete transparency for our clients. Voyager is the platform that will enable all of this to happen.

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2014, according to a Congressional Budget Office (CBO) estimate, a smart step at a time of economic recovery.

CBO OPTIONS

As Congress plunges into future appropriations and deficit reduction debates, one influencer may be a CBO report discussed during a key Budget Conference Committee hearing on November 13, 2013. The report—*Options For Reducing The Deficit: 2014 To 2023*—lists 103 options for deficit cutting, including those affecting affordable housing finance. Thirty-six of the CBO's options would increase federal revenue by changing the tax code.

One such tax-code option is the repeal of the Low-Income Housing Tax Credit (LIHTC), an idea found in similar past reports. Abolishing the LIHTC would increase revenues by \$41 billion from 2014 through 2023, according to estimates by the staff of the Joint Committee on Taxation. The report notes the role of LIHTC in supporting “the construction of new buildings and the substantial rehabilitation of existing buildings, which can help turn around blighted neighborhoods.”

However, so far no action has been taken to repeal LIHTC. The House Ways and Means and Senate Finance Committees are both addressing the issue of comprehensive tax reform, and LIHTC is within their purview. However, the CBO's inclusion of LIHTC repeal as a potential tax code change is regarded as only an option, not a recommendation. Meanwhile, NAHMA and the affordable housing industry will continue to stand firmly against any efforts to repeal the LIHTC or reduce its effectiveness.

Among the other options discussed in CBO's report are the following:

■ Increase tenant rental contribu-

tions. This option would require higher income contributions from tenants living in federally assisted housing, including project-based programs and the Housing Choice Voucher program.

Tenants' rental contributions would gradually increase from 30 percent of adjusted gross family income to 35 percent over the 2015 to 2019 period and then remain at the higher rate. CBO estimates that if federal appropriations were reduced in sync with the higher tenant contributions, the net effect would reduce federal outlays by a total

On the other hand, the Bipartisan Budget Act lends a major consideration to Tenant-based and Project-based Section 8 properties. Lawmakers agreed to preserve the “advance appropriations” for the programs.

of \$22 billion from 2015 through 2023.

CBO acknowledges in the report that this option would cause rising housing costs for most assisted renters—a particularly difficult situation for very low income households. In addition, the option might disincentivize some participants from boosting their income since a greater percentage would go to the monthly share of rent.

■ Reduce subsidies for Fannie Mae and Freddie Mac. By CBO's projections under current law, the mortgage guarantees that these government-sponsored entities (GSEs) will issue from 2015 through 2023 will cost the federal government \$22 billion.

If the average guarantee fee that Fannie Mae and Freddie Mac assess on loans they include in their mortgage-backed securities (MBSs) is increased by 10 basis points and the fees passed through to the Treasury, net federal spending would be reduced by \$19 billion from 2015 through 2023, the CBO estimates.

However, decreased subsidies could weaken the housing market,

which is very slowly recovering from the 2008 crash.

■ Change the mortgage interest deduction to a 15 percent credit. This option would gradually convert the tax deduction for mortgage interest to a 15 percent non-refundable tax credit. The option would be phased in over six years, beginning in 2014.

From 2014 through 2018, the deduction would still be available, but the maximum amount of the mortgage deduction would be reduced by \$100,000 each year, until \$600,000 is

reached by 2018.

In 2019 and later years, the deduction would be replaced by a 15 percent credit, the maximum amount of mortgage debt that could be included in the credit calculation would be \$500,000, and the credit could be applied only to interest on debt incurred to buy, build or improve a first home.

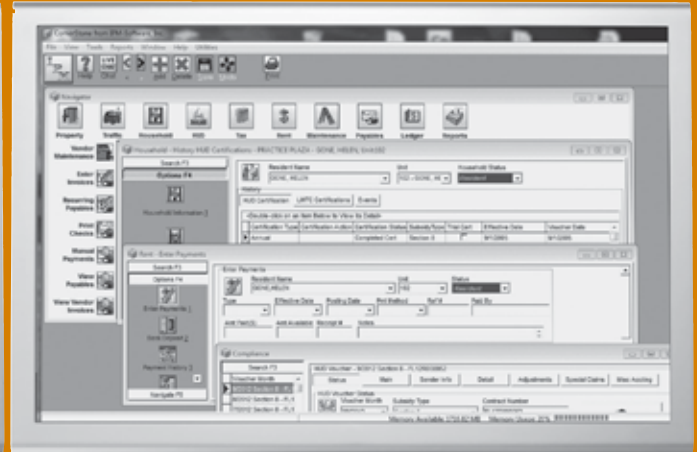
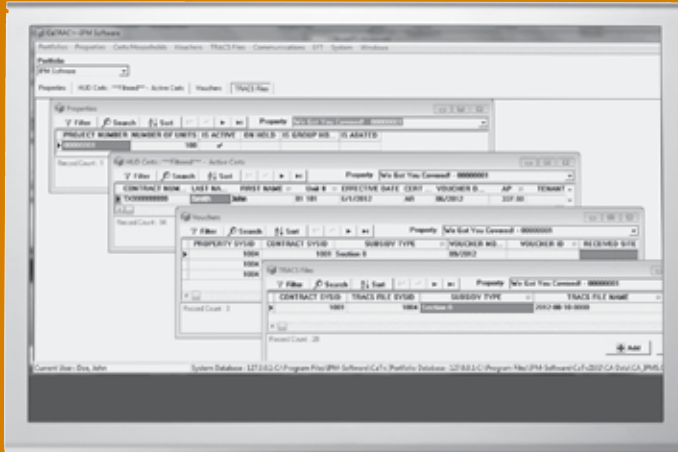
The option would raise \$52 billion from 2014 through 2023, according to estimates by the staff of the Joint Committee on Taxation. This would provide a larger tax benefit to lower and middle income Americans—but it could also encourage people to buy more expensive homes and increase their risk of default.

The CBO's report, *Options For Reducing The Deficit: 2014 To 2023*, is found at www.cbo.gov/budget-options/2013/44687.

NAHMA will continue to monitor federal actions on the federal budget, appropriations and on the deficit. Please check the Grassroots Advocacy section of www.nahma.org for legislative and regulatory updates. **NN**



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New Year, New Hope, Familiar Challenges

FIRST, LET ME BEGIN BY WISHING all NAHMA members a happy and prosperous new year! In particular:

- May all of your properties have outstanding REAC scores;
- May you over-achieve on your management and occupancy reviews (assuming your property is in a state where MORs are being performed); and
- May all of your properties receive their subsidy payments on time and in full!

While we're on the subject of the new year, I have some recommended New Year's resolutions for Congress. They are:

- "We resolve to resist any further urge, temptation or instigation to risk the full faith and credit of the United

States of America. We will have serious policy discussions about the appropriate size of the federal debt and the appropriate ways to address the debt; however, we will not allow the United States to default for the first time in history."

- "We resolve to resist any further urge, temptation or instigation to shut the federal government down. We will pass spending bills in a timely manner to prevent another shutdown."

- "We resolve to take federal contracts seriously. Therefore, we will fully fund the 12-month terms of all Section 8, PRAC, and Rural Rental Assistance contracts at the time of renewal."

If Congress were to adopt those resolutions, how likely would they be to keep them?

Thanks in large part to the recently enacted Bipartisan Budget Act, I feel reasonably confident that the American people will not experience a default on

the national debt or another government shutdown in 2014. Likewise, 2014 is an election year. Neither party will want to seriously damage its image before the November mid-term elections.

We may have to endure some of the familiar chest thumping when we hit the debt limit again in February, but I don't believe the Republican or Democratic party leaders will recklessly allow a vote on increasing the debt

NAHMA needs your help to build Congressional support for full funding of contract renewals.... At least one time this year, please contact all of the members of Congress who represent the districts where you live and the districts where your properties are located.

limit to fail. I believe the leaders will take great pains to make sure they have the necessary votes to raise the debt limit before they bring any such legislation to the House or Senate floors. It's also reasonable to assume the Bipartisan Budget Act will give Congress enough political cover to support an increase in the debt limit. Members can say they voted to ensure the federal government pays the bills it has already incurred, but they are reducing future spending.

The third item, paying subsidy contracts on time and in full, is a goal Congress **can achieve if they have the political will to do so**. Two particularly bad things happened in FY 2013 as a result of sequestration. First, HUD resumed short-funding of Project-based Section 8 contracts. Unfortunately, short funding for Project-based Section 8 contracts will continue in FY 2014.

Even worse, in September USDA-Rural Development ran out of money to renew its Rental Assistance contracts. Since the Bipartisan Budget Act replaced sequestration for two years, we must take full advantage of this opportunity to push for full funding of all federal rental assistance contracts.

NAHMA needs your help to build Congressional support for full funding of contract renewals. We are asking all NAHMA members to make one

additional New Year's resolution for themselves. At least one time this year, please contact all of the members of Congress who represent the districts where you live and the districts where your properties are located. Ask them to support full funding of the 12-month terms of all Section 8, PRAC and Rural Rental Assistance contracts. We also strongly recommend inviting your elected officials to visit your properties.

You will find everything you need to contact Congress in our new and improved Advocacy Toolkits (available on NAHMA's website at www.nahma.org/content/grassroots.html). Also, please feel free to reach out to me or Scott McMillen, NAHMA's Coordinator of Government Affairs, if you need assistance. As always, we are ready, willing and able to help! **NN**

Michelle Kitchen is Director of Government Affairs for NAHMA.

HUD and the State HFA LIHTC XML Data Transfer Standard Data

THE 2008 HOUSING AND ECONOMIC Recovery Act (HERA) included a mandate that HUD collect certain tenant demographic and income data from all households living in units located in IRS Section 42 tax credit housing developments. Because the program is under the jurisdiction of the IRS and not HUD, information on tenants has not been collected in the same manner or through the same channels that projects under HUD's jurisdiction have been.

Consequently, a rather large lens is being newly focused on this emerging data as the government and other non-public and private organizations start forming opinions on the circumstances and merits of the Low Income Housing

Tax Credit (LIHTC) program. While the data requested at first glance may appear to be a relatively benign request, the effort required to gather, process and submit the information to HUD has proven to be substantial.

Fortunately, there is a tool available that is both free and highly effective. It's called the State Housing Finance Agency (HFA) LIHTC XML Data Transfer Standard Data. If you're not aware of it, and have anything to do with the collection and transmission of tax credit data, then you're missing out on the potential opportunity to significantly reduce the effort required to process and transmit this important information.

A BRIEF HISTORY

The following is taken directly from a document published by NAHMA at the

onset of the development process for the standard entitled 'A Business Case Study for Standardizing Electronic Data Submissions within the Low Income Housing Tax Credit Community (<http://www.mitsproject.org/Content/ServeFile.cfm?fileID=3122>).'

There are many benefits to the entire Housing Credit industry by adopting an electronic submission standard. We believe the greatest benefit is that for the first time, nationwide, the Housing Credit industry will have a common process, based on an open source community, that

related industry trade associations under the overall management of NAHMA. Information about the standards group, as well as links to the documentation, are available on the Multifamily Information and Transactions Standards (MITS) website at www.mitsproject.org/Content/BrowseContent.cfm?menuID=471.

As the director of software development for Spectrum, I've been involved with the standards process since 2006 when the first version (1.1) was published that June. As a consumer only of the data delivered via the XML standard, this involvement was ini-

...it was developed by a consortium of state housing finance agencies, property owners and managers, software providers, and related industry trade associations under the overall management of NAHMA.

anyone and everyone will be able to understand, use and leverage without a major investment. It will demonstrate to federal agencies and the U.S. Congress that the Housing Credit community respects the resources devoted to the Housing Credit program, understands the importance of a common submission standard, and is willing to provide the equity and transparency that a program of this scope and importance should have.

While the official title of the standard is 'The State Housing Finance Agency (HFA) Low Income Housing Tax Credit (LIHTC) Data Transfer Standard' it is commonly referred to as the NAHMA LIHTC XML Data Standard, and it was developed by a consortium of state housing finance agencies, property owners and managers, software providers, and

tially limited to an observational role. As an agent for tax credit compliance monitoring for our client states, we first implemented the standard in our end-of-year data collection system in 2009 in response to the LIHTC tenant demographic data collection mandate required by the HERA act.

Work began in the summer of 2010 on Version 2 of the standard, with the primary emphasis on incorporating the growing list of the HUD-mandated tenant demographic data elements. At this point in time, in an effort to help streamline the integration of the additional data elements into the compliance monitoring data set we collect for our state clients, I played a more active role in the development of the standard.

Working closely with HUD I was able to develop a detailed technical



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working document for use by the standards group that mapped all of the data elements that HUD was requesting and the format they were using to the existing tax credit data set as represented by the NAHMA standard. It became clear, through the process of updating the standard to incorporate the HUD demographic data, that the original intent of the standards group to deliver 'a common process, based on an open source community, that anyone and everyone will be able to understand, use and leverage without a major investment' was appropriate and even visionary in its scope and implementation.

As HUD began to receive the tenant demographic data from the states and was able to review it, they realized a need to modify the format of some of the data elements as well as add additional ones. Consequently, in the summer of 2012 a new round of review and updates to the NAHMA standard was started that culminated in the late fall of 2013 with an update of the standard to version 3.1. During this round of updates I was responsible for the final review and documentation of the changes. This new version has been finalized and will be published on the MITS website in early January 2014.

IN THE LIGHT OF DAY

The NAHMA business case study cited above notes that the development and implementation of the LIHTC XML Data Standard will "demonstrate to federal agencies and the U.S. Congress that the Housing Credit community respects the resources devoted to the Housing Credit program, understands the importance of a common submission standard, and is willing to provide the equity and transparency that a program of this scope and importance should have."

The introduction of the HUD Tenant Demographic reporting requirements has placed a significant emphasis on the NAHMA XML data standard as a tool for transferring complex data

easily and accurately. As the scope and nature of the data elements HUD is requesting has evolved, Mike Hollar, senior economist with HUD's Office of Policy Development and Research, the group in charge of collecting and analyzing the data, has become personally involved with the standards group. I have had the pleasure of working closely with Mike over the past few years and have been impressed with his desire to help facilitate the accurate and timely collection of the data while keeping the burden of complying with the mandate as minimal as possible.

My work with Spectrum over the past 14 years has primarily dealt with the collection of tax credit data for our compliance monitoring work, not for critical statistical analysis which is substantively different than compliance monitoring. The process of compliance monitoring is to review data submitted to us and make determinations regarding compliance. Any issues with submitted data are resolved by our compliance monitors through direct contact with property owners and managers during the course of a site audit, which is the case with all of the housing authorities throughout the country that have tax credit properties in their portfolios. Generally speaking, the data is pretty much kept in house and has not been subject to review by outside agencies.

With the tax credit data we collect for California, which is strictly for HUD's purposes of statistical analysis, being added to our existing client base, I'm now in the position of collecting and processing data for approximately 4,300 properties with well over 354,000 units that house over 750,000 household members. Oh, by the way, the data's not only being reviewed by a large government agency that sends reports to Congress, it's also being looked at by a prominent university among others, with a keen interest in dissecting large amounts of data. Does anybody else think it's getting hot in here?

Fortunately, for both Spectrum software users and me, a significant portion of the data is imported into Spectrum's data collection system using the NAHMA XML standard. Utilizing the standard has allowed me to use a single, easily managed process to collect data from over 4,300 properties spread over eight states that are using a wide variety of database management systems.

GETTING BY WITH A LITTLE HELP FROM OUR FRIENDS

Because of my position in the middle of the data stream that flows from the tax credit property owners and managers to HUD and NYU, it has been both a privilege and a great opportunity to develop personal and professional relationships with a number of the individuals at both ends of the stream. Besides working closely with Mike Hollar at HUD I've recently started working with Professor Katherine O'Regan at NYU, who has been working with the data. Katherine is the Obama Administration's current nominee for the position of HUD's Assistant Secretary for Policy Development and Research.

I've also had the privilege to work on the standard with a group of individuals who are associated with both management-software vendors and state FHAs as well as staff at NAHMA. It has been my observation throughout this process that everyone involved in the NAHMA XML standard is committed to actively maintaining the standard on a timely basis in an effort to keep it relevant and up-to-date with the expectations of HUD and Congress, as well as all the other groups that have an interest in how the Tax Credit program is working and who the citizens are that it is affecting. **NN**

Paul Perpich is the Director of Software Development for Port Elizabeth, Maine-based Spectrum Enterprises, which has been providing LIHTC compliance monitoring services for a number of years for state housing agencies that include American Samoa, CT, HI, MA, MD, WV and the Virgin Islands.

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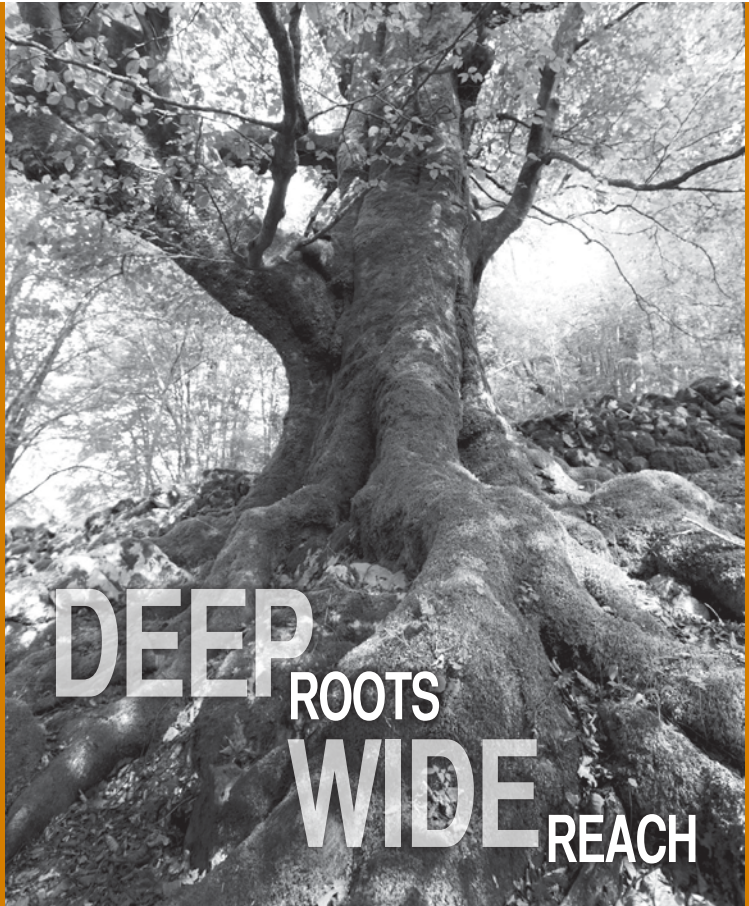
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HUD Proposes Risk Share Program

A new proposed HUD pilot is “an important effort to increase liquidity for owners and operators of small multifamily rental properties,” according to a review by a coalition of industry groups including NAHMA.

“Small Multifamily Building Risk Share Initiative: Request for Comment,” (published in the *Federal Register* on November 4, 2013) announced HUD’s intention to implement a new initiative to facilitate financing using the Federal Housing Administration (FHA) Risk Share program.

HUD’s initiative would allow certain mission-oriented lenders, such as community development financial institutions (CDFIs) and small banks, to participate in the FHA Risk Share program, provided they meet

certain requirements. The initiative is limited to the financing of existing properties with five to 49 units or which do not exceed a loan amount of \$3 million. New construction is excluded as an eligible activity.

“We appreciate that HUD is interested in providing new means for financing small multifamily rental properties,” said the industry groups in a comment letter on the notice. “Over the years, our organizations have urged HUD, as well as Fannie Mae and Freddie Mac, to develop a more streamlined program for financing such properties.”

The letter concurred with HUD’s view that “owners of small rental properties face difficulty accessing financing due to diminished lending in this area, a reduction in financing by community and regional banks in the wake of

the 2008 recession, and increasingly higher credit standards.”

A key element of HUD’s plan involves gaining a statutory change to allow Ginnie Mae to securitize loans made under the proposed initiative. Such a modification to Section 542(b) of the Housing and Community Development Act of 1992 and opening up this secondary market outlet “would greatly enhance the potential of the program to reach more property owners,” said the industry group’s letter.

The change in Section 542(b) also

The letter concurred with HUD’s view that “owners of small rental properties face difficulty accessing financing due to diminished lending in this area, a reduction in financing by community and regional banks in the wake of the 2008 recession, and increasingly higher credit standards.”

would remove current affordability restrictions. This should reduce the burden on owners who access capital under the risk-share program, since most targeted properties already house low- and moderate-income households. Together, the industry letter said, these changes “would make a significant difference as to the success of the initiative.”

PILOT IMPROVEMENTS

The industry letter offered specific suggestions on facets of the proposed pilot, ranging from lender eligibility to affordability requirements.

Acknowledging that HUD is moving forward without the statutory changes in hand—a factor that limits the way the pilot is framed—the group recommended that HUD/FHA:

■ Expand the universe of eligible

lenders.

■ Consider revising participant qualifications.

■ Include the financing of new construction.

■ Offer flexibility in loan terms, including minimum occupancy.

■ Permit flexible documentation requirements.

■ Exercise caution on balloon mortgages.

■ Keep affordability requirements at the property level.

HUD provides some flexibility in mandating that affordability require-

ments be satisfied through a deed restriction, but the industry group seeks to confirm that the affordability obligation is not specific to units but to the property. As a rule, the group contended, “Small rental multifamily properties are inherently affordable and unsubsidized.”

In wrapping up its comments, the group urged HUD to think about expanding the pilot through “greater flexibility and wider lender participation, which we believe will better inform HUD as to the benefits of risk sharing for small properties.”

“Given the anticipated limited exposure to the government, both in pilot scope and through the risk-share provisions,” the group concluded, “latitude to encourage small loan financing outweighs mortgage performance risk.” **NN**

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COQ AWARD WINNERS SHINE

For the 21st consecutive year of its Communities of Quality® (COQ) Awards program, the National Affordable Housing Management Association (NAHMA) is honoring the best multifamily affordable housing communities across the country for excellence in how they manage the physical, financial and social conditions of their properties. Winning member sites also are honored for the quality of life they offer residents, the level of resident involvement in community life, their financial stability, the certified quality of their staff, and the nature of collaborations with other organizations and agencies.

The 2013 COQ awards will be presented at NAHMA's annual winter meeting, March 9-11, 2014, in Washington, D.C. For details on the NAHMA meeting, visit www.nahma.org/meetings/Meetinginfo.html.

"The 80-plus entrants and the award winners in our Communities of Quality® Awards program prove that affordable housing is a valuable asset to the larger community," said Gianna Solari, NAHP-e, president of NAHMA. "The competition for these awards demonstrates the degree to which affordable housing providers value the quality of everything from maintenance of the buildings and grounds to services made available to residents."

NAHMA's 2013 COQ Awards program has been jointly sponsored by HD Supply Multifamily Solutions, a leading supplier of maintenance and renovation products to the multi-housing industry, and RealPage, a leading provider of on-demand products and services for the rental housing industry.



AWARD WINNERS

EXEMPLARY DEVELOPMENT FOR THE ELDERLY

Wollaston Manor Quincy, MA

OWNER: WOLLASTON-QUINCY, L.P.

MANAGEMENT: HOUSING MANAGEMENT RESOURCES

AHMA: NEAHMA

Wollaston Manor, home to 170 senior and disabled residents, is a 10-story high-rise built in 1974. It recently underwent a \$1.5 million upgrade that included renovating interior and exterior areas, common spaces, and the building's heating and air conditioning systems. Individual units were given new kitchen installations, including cabinets, countertops, custom wall surfaces, energy-efficient appliances and flooring. Common areas received new carpeting or plank flooring, custom wall surfaces and paint. The cost of unit upgrades

was more than \$600,000. In addition, a \$275,000 weatherization project was completed on the south, west and east sides of the building.

Wollaston Manors' effective resident programs are led by its outstanding resident services coordinator, who ensures that residents have a high-quality living environment as well as social and physical activities that enhance their health. The resident services coordinator works in conjunction with several local agencies and service providers including participation with MassHousing's Tenant Assistance Program (TAP). Wollaston Manor also stays connected to family and friends through the Connected Living Program, which provides residents a new computer lab, onsite training, and interactive activities and learning opportunities. A 2013 resident survey confirmed that resi-

dents are delighted with their units, the services they receive and the activities available to them.

EXEMPLARY DEVELOPMENT FOR RESIDENTS WITH SPECIAL NEEDS

Emerald Springs Detroit, MI

OWNER: UNIFIED PROPERTY GROUP

MANAGEMENT: UNIFIED MANAGEMENT SERVICES

AHMA: MAHMA

Emerald Springs is a jewel in a city known mostly for its blight. It is a new 158-unit community built on a site where a public housing project was razed a decade earlier. The site includes single-family homes, duplexes and townhomes. Green initiatives were used throughout the community, including the installation of energy-efficient appliances. New public streets were developed and bus





stops added. Seventy-five of the homes are public housing units, and there are 16 handicapped accessible units. The units come equipped with dishwashers and washers and dryers.

Emerald Springs offers amenities no other affordable community in the area has offered. These include a community room that has a computer lab used daily by residents. There is also a media room and an exercise room. Management has partnered with agencies such as ARISE Detroit, Premiere Staffing, Perfecting CDC, Global Educational Excellence's Katherine White Academy, Gleaners Fresh Food Share program, United Way, the Rotary and Lions clubs, and others to provide a variety of programs and services.



TOP LEFT: A duplex unit at Emerald Springs.

LEFT: Wollaston Manor's exterior and lobby.

ABOVE: Members of the youth program at Pynchon Edgewater Apartments and (above right) its high rise.

EXEMPLARY FAMILY DEVELOPMENT

Pynchon Edgewater Apartments Springfield, MA

OWNER: COLLINS NICKAS

MANAGEMENT: PEABODY PROPERTIES, INC.

AHMA: NEAHMA

Pynchon Edgewater Apartments is a 612-unit property comprising 51 apartments and townhomes and one high-rise building. Units range in size from one to four bedrooms. The property is spread over five city blocks commingled with privately owned single-family homes in an urban setting. Schools, parks, shopping and Interstate 91 are just minutes away.

Because its neighborhood experiences drug dealing, gang violence and other violent crimes, property management and residents spearheaded an initiative to address security both on and near the property. There is an active tenant association, a youth program, Tenant Assistant Programs (TAP) offered through MassHousing, and numerous entertainment, educational and health-related programs. Seniors and adult residents with disabilities also have access to Peabody Resident Services, Inc.'s Home Care program, which helps residents remain

in their homes as long as possible, providing assistance with activities of daily living. Crime is statistically down by 68 percent and is directly linked to the 60-plus community partnerships that address safety, education, health care and social services. The site has also been a demonstrated incubator of creative model programs for policing, school attendance, youth leadership, health care jobs, and more, with measurable outcomes.

EXEMPLARY SINGLE-ROOM OCCUPANCY

The Warwick Newport News, VA

OWNER: COMMUNITY HOUSING PARTNERS

MANAGEMENT: COMMUNITY HOUSING PARTNERS

AHMA: MID-ATLANTIC AHMA

Built in 1928 as a luxury hotel, The Warwick was once the center of downtown activity before going into decline in the 1980s. In 1995, Community Housing Partners (CHP) acquired the property after years of vacancy and converted it into 88 single-room occupancy (SRO) affordable, permanent, supportive units for previously homeless individuals.

CHP completed a comprehensive rehabilitation of The Warwick in



AWARD WINNERS

July 2013. The rehab included a new roof, updated plumbing, new windows, HVAC upgrades and a variety of energy-efficiency improvements resulting in an EarthCraft Virginia™ certification and a 50 -percent increase in energy efficiency. The rehab also included improved accommodations for CHP's property



management and resident services programming with newly designed offices, a rehabilitated community room, and a new community kitchen. Services provided within these facilities include nutritional education, health screenings, mental health services, Alcoholics Anonymous/Narcotics Anonymous meetings, employment services, case management, and family support. The 88 residents of The Warwick are all formerly homeless individuals, 97 percent of whom live at or below 30 percent of area median income. These individuals are greatly aided by the case management and support services offered by staff and partners.

OUTSTANDING TURNAROUND OF A TROUBLED PROPERTY

Hillcrest Commons Philipsburg, PA

OWNER: PHILIPSBURG UAW HOUSING CORP.

MANAGEMENT: COMMUNITY REALTY
MANAGEMENT

AHMA: PENNDEL AHMA

Hillcrest Commons, formerly known as Sunnyslope Apartments, is located in the rural area of Philipsburg, Pa. When Community Realty Management took over the troubled property in April 2006, the occupancy rate was 80 percent and delinquencies were more than 64 percent. Management immediately tackled the issue of drug activity in the community with the aid of police. Major capital improvements were made possible through mark-up-to-market

LEFT: (bottom) the exterior of The Warwick and (top) the renovated lobby at The Warwick.

RIGHT: (top) Children at Hillcrest Commons get cooled off; (bottom) new exteriors at Hillcrest Commons.



funding that enabled improvements costing \$445,000 over the last seven years. This included replacing siding, replacing roofs and windows, resurfacing all hardscapes, and renovating the interiors of both units and common areas.

Management also revamped its internal controls after conducting an exhaustive audit of files and systems. Onsite staff received extensive training so that they could become familiar with the wide gamut of HUD regulations. Success is demonstrated by receipt of a superior rating in a May 2011 review. Property staff provides a positive environment for residents that includes educational, literacy and other programs and has built a strong partnership with outside agencies to provide additional services.

For more information on the 2013 Communities of Quality® Awards program, visit NAHMA's website, nahma.org, or contact COQ Program Coordinator Christie Lum at christie.lum@nahma.org. **NN**

NAHMA Announces Industry Awards

NAHMA is excited to announce the winners of its annual Industry Awards, which will be presented at its March 9-11, 2014 meeting in Washington, D.C. The awards recognize individuals and organizations that have worked creatively to develop, improve and advocate for affordable housing in their communities and/or in policy discussions affecting the entire nation. More detailed information about the award winners and their work will appear in the March/April issue of *NAHMA News*.

NAHMA INDUSTRY STATESMAN: Carl Coan, Jr. (posthumously)

Given annually to a NAHMA Executive Council member who is either in or nearing retirement, in recognition of many years of outstanding leadership and service to NAHMA.

Carl Coan, Jr. was a tireless advocate for the development and provision of affordable housing for all Americans. Through his years of government service, his tenure at the National Association of Home Builders (NAHB), and in his private law practice, Carl was a forceful advocate for the cause of housing.

NAHMA PRESIDENTS AWARD: David Smith

Given annually to a NAHMA member by its president for outstanding leadership or other contribution to NAHMA.

David Smith has been an inspirational and visionary leader for the industry throughout his career. In particular, he is being honored with this award for his founding of the Affordable Housing Institute, which focuses on affordable housing needs and programs around the world. With more than 30 years of direct experience in affordable housing, David uniquely combines the roles of practitioner and theoretician, participant and policymaker.

NAHMA INDUSTRY ACHIEVEMENT: Members of NAHMA's FHC and CPO Course Updates Task Forces, and Gwen Volk

Given annually to a NAHMA Executive Council member(s) who has contributed significant or noteworthy leadership or contribution to NAHMA within the past year or two.

The Fair Housing Compliance (FHC) Exam Update Task Force worked over a 15-month period to update, revise and improve the FHC course exam from the existing FHC 50 true-or-false-question exam into an exam with 50 multiple choice questions. The Certified Professional of Occupancy (CPO) Update Task Force worked expeditiously over an intense two-month timeframe to review and update the NAHMA CPO course materials and exam as soon as HUD announced its Change 4 to the §350.3 occupancy handbook. Gwen Volk is Director of Affordable Housing Compliance at LBK Management Services. She is being honored for putting together an outstanding webinar on how to apply for a Communities of Quality® award. The webinar can be found at www.youtube.com/watch?v=95U3ckWkyVA.

NAHMA INDUSTRY PARTNER: William Christiansen

Given annually to a government agency or other affordable housing organizational partner that has made a significant contribution to the cause of affordable housing in the previous year(s).

William Christiansen worked with HUD for over 30 years in many positions, including multifamily, and he recently retired after five years with HUD's Departmental Enforcement Center, where he was a Senior Enforcement Analyst. Bill leaves a legacy of professionalism and compassion for the affordable housing industry and was especially influential in the success of AHMA-PSW.

NAHMA AFFORDABLE HOUSING ADVOCATE OF THE YEAR AWARD: David Layfield

Given annually to recognize a NAHMA member who has demonstrated a strong commitment to advance NAHMA's legislative priorities through public policy advocacy (based on data maintained by NAHMA staff).

David Layfield of Apartmentsmart.com donated many hours to developing NAHMA Maps and to helping redesign NAHMA's website headers and navigation in 2013. Both of these efforts are critical to NAHMA's success in grassroots advocacy.

AHMA OF THE YEAR

The criteria for these awards is based on AHMA size, size of membership, success in membership recruitment, membership retention, education and training course attendance, financial stability and other factors.

Large: SAHMA—SAHMA continues to be a leader in membership recruitment

and retention; the number and quality of its educational offerings in a region that includes eight southeastern states, Puerto Rico and U.S. Virgin Islands; its innovations and its services to members.

Medium: NEAHMA—NEAHMA recently celebrated 25 years of service to affordable housing providers in New England. The number and scope of its training continues to grow, its meetings are very well attended, and its charitable contributions are outstanding. This year NEAHMA hosted The Honoring Our Heroes gala on September 11th, which raised \$20,000 for the Boston Police Foundation, to benefit first responders of the Boston Marathon bombing.

Small: AHMA NCH—AHMA-NCH's accomplishments for 2013 include record Communities of Quality® growth; record 2013 Annual Conference attendance; sponsorship of the grand-prize cover winner in NAHMA's 2013 Drug-Free Kids Poster Contest; expanded state advocacy efforts; and record reserves for the AHMA.

AHMA MEMBERSHIP RECRUITMENT AWARD

The criteria for this award is membership recruitment and retention and other factors.

Large: SAHMA—SAHMA continues to grow its three levels of membership. It recruited 54 new members, has a nearly 90 percent retention rate, and supplies its members with an ever-expanding and innovative set of services.

AHMA INNOVATION AWARD

This award is given for a new and innovative program, service or activity.

Large: MAHMA—In 2013 MAHMA established new partnerships that will improve its member services, including one with The Inspection Group to offer online Uniform Physical Condition Standards (UPCS) training, and one with the Illinois chapter of National Association of Housing and Redevelopment Officials (NAHRO) to disseminate conference information in return for an increased distribution list in Illinois and a profit-sharing agreement.

Medium: PAHMA—In partnership with the Victim Outreach Intervention Center (VOICe), PAHMA presented an innovative program "Bullying Hurts ... at Any Age!" at its annual conference. This program explored bullying in the residential setting—defining what it is and exploring the intimidating tactics used across different age groups.

Small: JAHMA—The JAHMA Foundation embarked on a new initiative to assist returning veterans in securing safe and affordable housing in JAHMA-member apartment communities and throughout the state of New Jersey. Assistance will also be provided to these veterans in securing furniture for their homes. As a long-term goal, the Foundation wishes to assist the returning veterans by acquiring their own homes.

AHMA COMMUNITIES OF QUALITY® AWARD

This is awarded to the AHMA with a demonstrated active and superlative program supporting the National COQ Recognition Program.

Large: SAHMA—SAHMA is extremely active in promoting NAHMA's Communities of Quality® National Recognition Program. Currently 397 SAHMA region properties have been accepted into the COQ Recognition Program.

Small: PennDel AHMA—PennDel AHMA has a total of 44 Communities of Quality. In March 2013, Newberry Estates received the 2012 NAHMA COQ Exemplary Family Development Award. PennDel AHMA focuses on the Corporate Partner designation, wherein management companies that have at least 50 percent of their property portfolio accepted into the COQ National Recognition program.

NAHMA COMMUNITIES OF QUALITY® AWARD

Given annually to NAHMA member(s) who have the most properties (total, since program inception) and who have the most newly listed properties in the past year on the NAHMA National Recognition Program COQ Registry (based on data maintained by NAHMA staff).

Most total: WinnResidential, Boston, MA

Most new in 2013: Barkan Management, Boston, MA **NN**

NAHMA Develops a New Course: Advanced Issues in HUD Occupancy

In mid-December, NAHMA announced that after an extensive Request for Proposal (RFP) process conducted in the fall of 2013, it selected Nan McKay and Associates (NMA) to develop its new Advanced Issues in HUD Occupancy course.

"We are excited to work with NMA to develop our new course," said Kris Cook, CAE, NAHMA's executive director. "The NMA team is well known and respected as federal affordable housing policy experts, with in-depth knowledge of the vast array of applicable regulatory requirements."

For more than 30 years, NMA has offered consulting, training, tools and technology solutions to public housing agencies administering a variety of housing programs including public housing, Section 8 tenant-based, Section 8 project-based, LIHTC, and HOME programs throughout the nation. According to Cook, NMA staff not only understands the complexities of

HUD regulations and operational best practices, they also have real-life professional experience in the field and a commitment to ensuring that clients have available resources to reach their goals.

"We are honored to have this opportunity to develop the Advanced Issues in HUD Occupancy course for NAHMA and to support the important work that NAHMA does for our industry," said John McKay, CEO of Nan McKay & Associates.

NAHMA plans for its new one-day Advanced Issues in HUD Occupancy course to cover advanced topics related to working with the HUD 4350.3 Occupancy handbook (version REV 1-Change 4), managing mixed-finance properties, enhancing "soft skills" needed for a senior occupancy specialist, managing front-line staff in their occupancy compliance duties, and more.

Development of the NAHMA Advanced Issues in HUD Occupancy

course is sponsored by Yardi, a leading provider of high-performance software solutions and services for the real estate industry since 1984. Yardi offers full business solutions for every real estate market, including multifamily, single family, affordable, public, senior and military housing as well as office, industrial, and retail market segments worldwide.

Similar to its other courses, NAHMA will offer the new Advanced Issues in HUD Occupancy course through its affiliated state, local and regional AHMAs. The first offerings of the new course are expected to be held in the fall of 2014.

For a calendar listing of AHMA trainings, visit http://www.nahma.org/content/mem_calendar.html. For more details on the new Advanced Issues in HUD Occupancy Course, contact NAHMA Director of Member Services and Meetings Brenda Moser at brenda.moser@nahma.org, or 703-683-8630, ext. 112. **NN**

Industry Urges RD to Withdraw New Guidance

A COALITION OF 12 MULTIFAMILY AFFORDABLE HOUSING organizations have urged USDA's Rural Development (RD) to do away with a recent Underwriting Guidance letter which "creates major impediments to working with Rural Development's multifamily housing programs."

In an urgent letter to the Rural Housing Service (a part of RD), the industry groups stressed that "the Underwriting Guidance creates material barriers, sets unrealistic standards and separates RD from many common sense approaches used in the preservation of affordable housing by entities across the country."

The signers included a range of organizations representing owners, operators, funding partners, managers, nonprofit and for-profit small businesses, local and state government agencies, banks, and financial institutions partnering with RD to deliver decent, safe and sanitary housing.

The 16-page guidance document, "Underwriting Guidance for Transfer and MPR [Multifamily Preservation and Revitalization demonstration program] Multi-Family Housing Transactions," was released as an unnumbered letter on September 30, 2013. For RD, "underwriting" refers to "the process of financial feasibility determination."

RD's guidance letter says in part, "In these times of dwindling resources and ever decreasing budgets, we must also focus on the transactional costs to the Government. ... When excess income remains

after operating expenses, reserves and return to owner [RTO], the Agency must review the monthly rental cost in light of the amount of Agency provided RA [Rental Assistance]. The Agency must analyze and review these transactions trying to minimize the cost to the Agency, including RA."

The industry group's letter said sharply, "The Underwriting Guidance is the wrong approach to preserving housing and protecting families and the elderly." The group faulted RD's continuation of regulatory and handbook policies that have needed "re-examination ... for some time."

Based on its collective experience, the group pointed out that many existing RD policies and practices raise obstacles to smooth operations and improvements. One example: Transfers processed through a separate local office without appropriate training and a staff already heavily burdened with inspection and audit review tasks. For a better routine, the letter suggested, RD should consolidate functions regionally and train specialists in the specific duties of transfer review and similar tasks.

Even though many of the RD existing practices and policies are onerous, the group said, the new guidance is even more so—in part because policies that had been applied ad hoc are now aggregated in the letter and as such "represent a major, and very negative, departure from long-standing successful practices." **NN**



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A Big Thank You to NAHMA Educational Foundation Supporters!

The NAHMA Educational Foundation thanks its generous supporters of 2013! Their contributions will go toward post-secondary school scholarships to residents of NAHMA- and AHMA-member properties.

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Randy Lenhoff, Seldin Co.
Gemi Ozdemir, Dauby O'Connor & Zaleski, LLC
Ken Pagano (NAHMA Rep), Essex Plaza Management
Debbie Piltch, Maloney Properties
Gustavo Sapiurka, RealPage
Eric Strong, Navigate Affordable Housing Partners
Isabel Toth, Community Properties of Ohio Management Services, LLC
Rob Willis, TrashPro

LEGACY CIRCLE

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Navigate Affordable Housing Partners (formerly Jeffco)
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Leonardo Delgado, Converged Services, Inc.
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Melissa Fish-Crane, Peabody Properties
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Gustavo Sapiurka, RealPage, Inc.
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Dave Layfield, ApartmentSmart.com
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Nancy Reno, Housing Management Resources
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Gianna Solari, Solari Enterprises, Inc.
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Bill Wollinger, WinnResidential

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(Annual Gifts of \$100–\$2,000)

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SWAHMA
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Deadline for NAHMA's 2014 Vanguard Award

The deadline for submissions for the 2014 Affordable Housing Vanguard Award is April 4, 2014.

Winners will be recognized at an awards ceremony during the NAHMA Summer Meeting in June 2014 in Denver.

The Vanguard Award celebrates success in the multifamily affordable housing industry by recognizing and benchmarking new, quality multifamily affordable housing development. The award:

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

financing mechanisms with industry practitioners to further stimulate creative development in the affordable multifamily industry.

The Vanguard Award complements NAHMA's Communities of Quality® (COQ) National Recognition Program, through which multifamily properties are certified as having achieved a high standard of excellence in the way they are managed, the services they provide residents, the experience and training of personnel, and other criteria. However, newly developed properties are too new to meet the criteria of NAHMA's COQ National Recognition Program (particularly in the inspection and financial audit categories), hence the creation of the Vanguard Award to recognize these properties. As the properties mature, they will become eligible—and are encouraged—to enter NAHMA's COQ National Recognition Program.

There are four Vanguard Award categories. A management company may submit only one entry for each category. The categories are:

A. New Construction (two subcatego-

ries: over 100 units and under 100 units)

B. Major Rehabilitation of an Existing Rental Housing Community

C. Major Rehabilitation of a Non-Housing Structure into Affordable Rental Housing

D. Major Rehabilitation of a Historic Structure into Affordable Rental Housing

WHO MAY APPLY

Affordable multifamily housing communities that are less than three years old (as of April 4, 2014) may apply (based on date of completion of new construction or completion of major rehab). Affordable is defined as a property participating in a government funded, insured or otherwise sponsored program that results in rents that are below market-rate housing.

WHERE AND WHEN TO APPLY

Applications should be submitted to NAHMA by April 4, 2014. Emailed PDF applications should be sent to NAHMA at brenda.moser@nahma.org, or on a CD containing the PDF applica-

NAHMA Educational Foundation Application Now Online

Early in February, the NAHMA Educational Foundation made the 2014 scholarship application available to prospective applicants. Any resident in good standing at an AHMA-affiliated apartment community who is a high school graduate and is enrolled at a community college, college or university, or trade or technical school is eligible to apply. High school seniors are also eligible to apply.

The application can be accessed by going to the NAHMA website (www.nahma.org) and then clicking on the "NAHMA Educational Foundation" icon, where a link

to the 2014 Information and Application can be found. The application must be filed online. May 24, 2014, is the final deadline date for completed applications. Completed applications must include an application form, an essay, two references, a current grade transcript and a Certification of Residency In Good Standing form.

In 2013, the foundation awarded 59 scholarships worth a total of \$137,750 to outstanding students from 12 different AHMAs. Over the seven-year history of the scholarship program, the foundation has awarded 271 grants worth \$350,000.

"Last year was a breakthrough year for the scholarship program, with regard to number of awards and funds distributed," said NAHMA Educational Foundation Chairperson Wayne Fox. "Our fundraising committee has continued to do an outstanding job, and the foundation is looking for another great year in 2014. We are very hopeful that the AHMAs and our member management companies promote this fine program to our residents across the country,"

The program has made steady progress in making awards to resident students from an increasing number of states each

tion can be mailed to NAHMA Vanguard Award, 400 N. Columbus St., Suite 203, Alexandria, VA 22314.

ENTRY FEES

The entry fee is \$150 per property for members of NAHMA or an AHMA, and \$325 per property for non-members. Reference the name of the applicant property when submitting payment, via either credit card at the NAHMA Web store at www.nahma.org, or via check payable to NAHMA and mailed with a completed application to NAHMA Vanguard Award, 400 N. Columbus St., Suite 203, Alexandria, VA 22314.

THE JUDGING PROCESS

NAHMA will convene a distinguished panel of multifamily affordable housing practitioners in early April 2014 to conduct the judging process.

HOW TO APPLY

Applications must be submitted in PDF format. For full details on how to apply, go to www.nahma.org/content/vanguard2013.html. **NN**

year, and the foundation hopes to receive applications from even more states in 2014. Property owners and managers are asked to make their residents aware of this fine resident-benefit program today and encourage them to get started on an application now so that they are finished before the deadline in May.

The NAHMA Educational Foundation is eager to assist residents in their efforts to enhance their education!

For more information, contact Program Administrator Dr. Bruce W. Johnson at bwjec@comcast.net. **NN**

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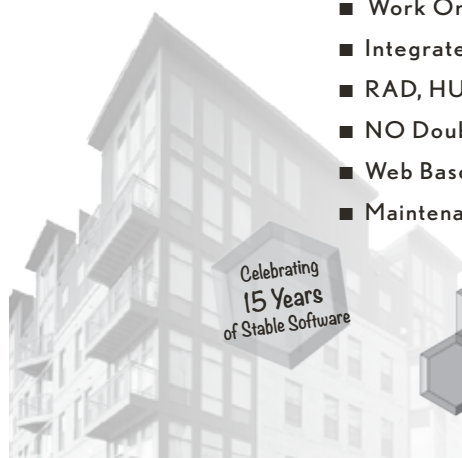
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REGULATORY WRAP-UP

MONTHLY SOCIAL SECURITY AND SUPPLEMENTAL SECURITY INCOME (SSI) benefits for nearly 63 million Americans will increase 1.5 percent in 2014, the Social Security Administration announced recently. The 1.5 percent cost-of-living adjustment (COLA) will begin with benefits that more than 57 million Social Security beneficiaries receive in January 2014. Increased payments to more than 8 million SSI beneficiaries began on December 31, 2013. Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$117,000 from \$113,700. Of the estimated 165 million workers who will pay Social Security taxes in 2014, about 10 million will pay higher taxes as a result of the increase in the taxable maximum. Information about Medicare changes for 2014 is available at www.Medicare.gov. The Social Security Act provides for how the COLA is calculated. To read more, see www.socialsecurity.gov/cola.

REAC Issues Updates for its FASS-MF System

Global 30-day Extension for 12/31/13 Submissions

The Office of Housing has authorized a global 30-day extension to all owners with fiscal years ended 12/31/13. This extension is being offered to allow owners and auditors additional time to adapt to the requirements of Housing Notice H 2013-23, and the FASSUB system release on December 6, 2013, that implemented revisions to the HUD Consolidated Audit Guide, Handbook 2000.04. Submissions with fiscal years ended 12/31/13 will now be due on April 30, 2014.

Housing Notice H2013-23

Housing Notice H2013-23 was issued on August 8, 2013. This notice allows profit-motivated and limited distribution owners that receive less than \$500,000 in federal financial assistance to submit owner-certified financial statements instead of audited financial statements. The FASSUB system is scheduled to be updated on February 14, 2014 to accom-

modate these submissions.

FASSUB System Release on December 6, 2013

REAC implemented a new release of the FASSUB system on December 6, 2013. New accounts were added to the submission templates to be in compliance with revisions to the HUD Consolidated Audit Guides, Handbook IG2000.04. The revised IG2000.04 requires additional accounts to be added to the Schedule of Findings and Questioned Costs and eliminates two auditor reports (Auditor's Report on Non-major Programs and the Auditor's Report on Affirmative Fair Housing).

To learn more about these updates and to access the new FASSUB System, go to http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/prodmf. Members may also visit the HUD page on the NAHMA website.

HUD NEWS

HUD'S OFFICE OF AFFORDABLE HOUSING PRESERVATION (OAHF) HAS ISSUED A LETTER on the notification requirements provided to tenants living in Section 236 properties. This letter is intended to encourage owners and managers of Section 236 properties to provide an advance notice of the property's maturity date to their tenants. The advance notice is voluntary and would assist low-income residents in finding new housing before their lease expires. Tenant notification requirements do apply to the prepayment of Section 236 mortgages. Also included is information on the new Section 236 prepayment and preservation tool. For more information, go to the HUD webpage at www.nahma.org.

ISSUE #54 OF THE LOW INCOME HOUSING CREDIT NEWSLETTER is now available on the NAHMA website. In this issue, Grace Robertson of the IRS covers income-qualified households under HUD Handbook 4350.3, Chapter 5 and information on a guide for completing Form 8823. To view the latest issue, please go to the LIHTC page at www.nahma.org.

THE IRS'S DRAFT AUDIT TECHNIQUE GUIDE FOR INTERNAL REVENUE CODE (IRC) 42 is now available on the NAHMA LIHTC webpage. This audit technique guide was prepared to assist IRS examiners. The guide is organized in the order an examiner might address issues during an audit, generally working from high-level issues to issues requiring more detailed analysis, and chronologically from the Pre-contact Analysis through Report Writing. Auditing partners and completing the Examination of Income are also addressed. The audit technique guide is being distributed for review and comment. This draft may not be cited as authority. NAHMA will review the draft guide and prepare comments in consultation with its Tax Credit Committee. **NN**

A Career Intended to Make a Difference

WHAT GREG BRANDWENE LIKES most about his work in affordable housing for nearly 20 years is “making a difference in a vulnerable populations’ life.”

Even at the very beginning of his career, after just graduating from Penn State with a B.A. in psychology, Brandwene gravitated toward helping the less fortunate. He started as a case worker at a 250-unit single-room-occupancy (SRO) property run by the local non-profit Community Human Services. He was also involved with the homeless shelter that occupied this same building.

Brandwene switched from social services to the housing management division when he became the leasing agent for that building. For the next seven

he has served as for the past five years. He oversees the management of two properties directly and supervises seven regional managers, thus being responsible for more than 130 assets. “Most are HUD 202s, but I also have several tax credit facilities, the majority senior housing and some family housing,” Brandwene said.



need of quality assisted living.”

What Brandwene finds challenging are the ever-changing HUD and LIHTC regulations. He is constantly looking for ways to operate properties more efficiently while maintaining the high quality the residents deserve.

IN TUNE WITH ORGANIZATIONAL VALUES

Brandwene very much appreciates the mission of National Church Residences, which has dedicated over a half-century of effort to providing quality housing in affordable, caring communities.

A PARTICIPANT IN THE LARGER COMMUNITY

Although Brandwene has been with the same organization for so long, he is very much part of the larger affordable housing community. National Church Residences is a member of NAHMA and several local AHMAs, he said. One of his staff members is on the Pennsylvania AHMA (PAHMA) board of directors, and he served as a board member for Midwest AHMA (MAHMA) for several years.

Brandwene values his personal and organizational membership in NAHMA because “it’s absolutely effective and necessary to have a presence with the federal government,” he said. He is currently vice chair of NAHMA’s tax credit committee and participates in panel discussions that keep everyone up to date on regulations and development issues.

Brandwene is married, has two “wonderful children,” and has lived in Pittsburgh, Pa., for the last 20 years. There are a lot of things he likes to do, both cultural—like going to the theater—and athletic.

He is proud to be part of National Church Residences, “an organization that makes such a difference in people’s lives, and I will stay as long as I can continue to contribute.” **NN**

“We’re looking at the future of helping people to age in place longer, which changes the social services we provide,” Brandwene said.

years he worked for Mistick, managing both the SRO facility and a 330-unit scattered site Section 8 community.

In 2004 he joined National Church Residences as the senior manager of three properties serving the elderly. He moved up to regional manager, overseeing managers of assets in Western Pennsylvania and Ohio. He then took the role of regional director in 2006, “which gave me the opportunity to grow as a leader and have a larger impact within the organization,” Brandwene said. He was responsible for 43 assets all over Ohio and Indiana, including the direct supervision of a regional manager.

After two years Brandwene was promoted to regional vice president, which

Since the opening of its first retirement community in 1961, it has expanded its mission to include the housing needs of seniors, families and adults, the formerly homeless, persons with disabilities, and a host of supportive health care services.

“We’re looking at the future of helping people to age in place longer, which changes the social services we provide,” Brandwene said. He noted that there are assisted living services within its subsidized housing for the elderly, made possible through a HUD program called the Assisted Living Conversion Program. “Unfortunately, funding for this program is drying up,” he said, “but the funding made it possible to serve low income people in

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.

JANUARY

22

FHC

Atlanta, GA
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org/fair-housing

23–24

Tax Credit/SHCM

Atlanta, GA
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org/tax-credit

FEBRUARY

10–11

AHMA-PSW Arizona Annual Seminar

Phoenix, AZ
Jennifer Diehl, AHMA PSW
(855) 598-2462
www.ahma-psw.org

25–26

Georgia State Meeting

Atlanta, GA
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org

MARCH

19–21

South Carolina State Meeting

Columbia, SC
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org

20

AHMA-PSW Nevada Annual Seminar

Las Vegas, NV
Jennifer Diehl, AHMA PSW
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24–26

Alabama State Meeting

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25–26

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APRIL

9

FHC

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Julie Kelliher, NEAHMA
(781) 380-4344
www.neahma.org

15–17

Florida State Meeting

Jacksonville, FL
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org

22–24

Mississippi State Meeting

Jackson, MS
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org

22–24

CPO

MA
Julie Kelliher, NEAHMA
(781) 380-4344
www.neahma.org

MAY

6–8

North Carolina State Meeting

Greensboro, NC
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org

12–15

Kentucky Housing Management Conference

Louisville, KY
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org

19–20

AHMA-PSW 37th Annual Los Angeles Seminar

Los Angeles, CA
Jennifer Diehl, AHMA PSW
(855) 598-2462
www.ahma-psw.org

19–21

Tennessee State Meeting

Murfreesboro, TN
Betsy Eddy, SAHMA
(800) 745-4088
www.sahma.org

A Long-Serving AHMA Executive Director Retires

ONE OF THE MOST LONG-STANDING AHMA executive directors has decided to retire—and he will be sorely missed. Joseph B. Diehl, who has served as the executive director of Washington AHMA, has managed the organization since 1996. He also directed and is retiring from the Washington State Affordable Rural Housing Council (ARHC), formerly known as the Council for Affordable & Rural Housing. He will continue to manage the Northwest Indian Housing Association, to which he'll devote about 10 hours a week.

Diehl had a 25-year career prior to managing the AHMA and the two other organizations. He graduated in 1971 from Northern Illinois University and went to work for KPMG Peat Marwick CPAs in Chicago. From 1974 until 1982 he held various controller and assistant controller positions while also earning a law degree from the John Marshall Law School in Chicago.

Between 1982 and 1989 Diehl worked as partner and chief financial officer for TCW Realty Advisors in Los Angeles. After surviving the pressure of working for this multi-billion dollar corporation, Diehl sought a change and moved to Seattle. He became executive director of the National Council of Real Estate Investment Fiduciaries, a position he held for three years.

Still searching for a different kind of challenge, Diehl served as director of operations for Seattle's nonprofit People of Color Against AIDS Network—an organization that focused on HIV/AIDS prevention in communities of color. He helped raise nearly \$1 million in new funds and developed organizational capacity in many areas.

STRIKING OUT ON HIS OWN

When he founded Diehl & Co. in 1996 and was looking for clients, he answered an ad in the Seattle Times for the Washington AHMA management position. He started out with a 20-hour-per-week contract when the organization had only about 25 or 30 members. "Being in Seattle, we were a western Washington AHMA only, so my goal was to expand statewide," Diehl said. Eventually the AHMA opened an office in Spokane, and now about two-thirds of the AHMA's trainings are in the western part of the state and one-third are around Yakima and Spokane. "We had a record 21 trainings last year," he said. Washington AHMA now has about 100 members.

Over his 18 years as executive director, the affordable housing industry changed a great deal. More and different oversight by HUD led to a need for different kinds of training for AHMA members. Now that Congress has cut back on funding new construction and rehabs, Diehl sees a "crisis zone for our members." He makes several trips a year to Washington, D.C. to urge Congress to increase funding for affordable housing. "LIHTC [the Low Income Housing Tax Credit Program] is quite robust and has enabled us to develop and own more housing," he said, but waiting lists for affordable housing are long, there are more and more homeless families, and the lack of funding for building maintenance will only exacerbate problems as buildings continue to age.

Diehl said he enjoys working with members of Congress and urges other AHMA executive directors and board members to do the same. "I take my



colleagues with me and they're nervous until I say, 'they work for us.' You do need to be concise. We're specific in what we ask for: more funding for specific programs, or to keep regional HUD offices open. These things do make a difference."

SUCCESS AT THE AHMA

As executive director and sole staff person, Diehl has been responsible for all program activities, outreach, education, delivery of membership benefits, conferences and trainings and other roles. His efforts increased membership for all three organizations despite two recessionary cycles since 1996. And he led two efforts to create similar organizations for AHMA and CARH in Oregon—which was accomplished in 2001-2004, as well as a similar successful effort for Idaho AHMA in 2005-2006.

Washington AHMA recently held its fifth annual joint conference with ARHC (formerly CARH) and the two-day event drew nearly 700 people. "We try to include other agencies and other groups because having all the affordable housing programs together is a unique thing," Diehl said. "It's especially important to have rural housing represented."

"I will definitely miss all of my colleagues at NAHMA and the other AHMAs," Diehl said. "I'll miss job sharing at conferences, friends I've met over the years, the many fun things I've done."

"My wife asks me every day what I'm going to do next," he said. "I've started saxophone lessons and hope to do more traveling. I guess I'll just see what retirement has to offer." **NN**

thelastword

Looking Ahead to 2014



AS WE START A NEW YEAR, WE are preparing and planning for the next 12 months. As you plan your year, I encourage you to make contact with your elected officials. You can schedule meetings with their staff to discuss the state of our industry or to invite the officials and/or their staff to your communities to see first-hand the positive work being done and the benefits of the housing provided to the residents.

If you have yet to attend a NAHMA meeting, please consider attending NAHMA's Winter Meeting, our Legislative Issues Forum. The meeting is being held in Washington D.C., March 9-11, 2014 at the Washington Court Hotel. If you do not know, NAHMA members are a wonderful resource! An outstanding peer group, among the members we often have a "been there, done that" attitude, and we are willing to share our experiences and learn from one another.

NAHMA's members are hard at work on a variety of issues, including:

Alternative Futures Working

Group: working to identify thoughtful and substantive suggestions for the future of federal affordable housing programs.

Leadership Development and Succession Planning: working to develop long-term plans for the future of NAHMA's members and leaders.

Speaking of planning, it's not too early to start making plans to attend NAHMA's Summer Meeting, our Public Policy Issues Forum, on June 18, 2014, held in conjunction with the National Apartment Association's Conference June 19-21, in Denver, Colo.

In closing, I would like to take a moment to remember Walter Kreher, Director of HUD's Newark Program Center, who passed away on January 3, 2014 after a courageous battle against cancer. Walter was a kind man, a friend to many and an avid supporter of the affordable housing industry. In March 2013, NAHMA presented Walter with our NAHMA Industry Partner Award, in recognition of his many years of outstand-

ing work within our industry.

I first met Walter four years ago, at JAHMA's Spring Conference and I was in awe of his compassion and enthusiasm for his work. He was the person everyone wanted to speak with. As I was new to the group, I observed the interactions of the attendees at the conference, and by the end of the two days I had to admit I was a bit envious of the relationship between the owners/agents and the HUD office. They were a team, and all that mattered was working together for the best outcome. Walter was a pivotal part of the relationship. I send my sincere sympathies to Walter's family, friends and colleagues. He will be missed by many.

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.