

NAHMA News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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2015 Budget Sticks to Budget Act Levels Adoption Unlikely; 2014 Levels Set

President Obama's proposed budget for fiscal year 2015 adheres to the spending levels agreed to in the Bipartisan Budget Act, requesting HUD budget authority for \$46.66 billion, an amount 2.6 percent more than the fiscal 2014 appropriation and 10.1 percent over the 2013 post-sequestration level.

The budget also seeks to fix problems in USDA Rural Development (RD) rental assistance (RA) funding and prevent the non-renewal of a number of subsidy contracts for multifamily properties, a scenario seen in 2013 due to funding shortfalls.

However, the Administration has also included an additional \$56 billion in offsets for an "Opportunity, Growth, and Security Initiative," which would be split between defense and non-defense programs. This initiative proposes investments in education, research, infrastructure and jobs, opportunity and mobility, public health, safety and security; more efficient government and national defense. The Administration intends to pay for the Opportunity, Growth and Security Initiative with spending reforms and closed tax loopholes.

continued on page 4

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More Help on Making a Difference

AS PART OF OUR CONTINUING effort to provide our members with the best possible grassroots advocacy tools, we recently entered into a partnership with the Congressional Management Foundation (CMF) to bring a variety of new materials in the coming months.

CMF works directly with members of Congress and their staff to enhance their operations and their interactions with constituents. CMF works directly with citizen groups to educate them on how Congress works, giving constituents a stronger voice in policy outcomes. The results are a Congress more accountable, transparent, and effective, and an informed citizenry with greater trust in their democratic institutions.

Among the new tools we have posted to the NAHMA grassroots advocacy webpage are two new “how-to” videos brought to you via the new CMF NAHMA partnership. The first is called *How to Hug a Porcupine: Building Relationships with Lawmakers and Why it's Important*, and the second is *What Congress is Looking for in Constituent Communications*. Both are short, entertaining and research-based. See www.nahma.org/content/grassroots_toolkits.html to view the videos.

At the recent NAHMA Meeting, CMF President & CEO Brad Fitch gave a presentation to attendees on the topic “*How to Hug a Porcupine*” to help them prepare for Hill visits on the Tuesday afternoon of the meeting. The general consensus was that, even for those who had been to the Hill several times, the video gave them a new outlook on who they would be talking to and how their messages might have the greatest impact.

Other resources from the NAHMA

grassroots advocacy webpage include *Frequently Asked Questions (FAQs) on Grassroots Advocacy*, best practices and advice on *How to Advocate*; a list of NAHMA's *Top Legislative Priorities*, including advocacy objectives and informative talking points; a *NAHMA Analysis on Who to Contact in Congress* that includes a listing of Senate and House committee leaders; *Tips for Congressional Site Visits* for those times you host a member of Congress at a property; *NAHMA Maps*, which gives you affordable housing statistical information at your fingertips as well as quick access to your representatives in Congress; recent *Grassroots Alerts*; and an *Advocacy Report Form* so that you can share your advocacy experience, including property visits and Capitol Hill meetings.

There are also primers on Legislative Terminology, How a Bill Becomes Public Law, and other useful backgrounders.

There are a number of very important issues that will require grassroots support from members in the coming months, including seeking full funding for federal affordable housing programs in the FY 2015 budget, protecting the Low-Income Housing Tax Credit (LIHTC) as tax reform is considered by Congress, and ensuring responsible reform of Fannie Mae and Freddie Mac. Contacting your Congressional representatives is all-important if we are to have positive outcomes for the preservation and production of multifamily affordable housing.

Watch your email for our appeals for grassroots support and take advantage of the new tools to lend your voice to the cause of supporting quality multifamily affordable housing. **NN**

Kris Cook is Executive Director of NAHMA.

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Congress is unlikely to adopt the President's budget as written. The President's budget serves as a framework for Congress to compare and complete its own budget, and it also serves as a set of policy priorities and recommendations for the upcoming fiscal year, some of which could appear in future legislation.

However, the proposed spending cut for the Project-Based Section 8 proposed in HUD's budget is alarming—especially when some members of Congress already believe Section 8 contract renewals already cost too much.

SECTION 8 FULL FUNDING AT RISK

Although the Administration's fiscal year 2015 budget requests higher funding levels for some HUD programs, the proposed funding level for the Project-Based Section 8 program remains a major concern. The slated \$9.75 billion falls short of the FY 2014 enacted level, which would again obstruct full-funding for 12-month contract terms.

HUD attributes the lower request to a desired shift of contract renewals to a "calendar year" schedule beginning on January 1. The current cycle of contract renewals begins on October 1 (the first day of the federal fiscal year). If this calendar change were adopted, HUD said it believes funding disruptions that occur during end-of-year budget delays will be minimized.

However, NAHMA and other industry stakeholders are concerned about the proposed shift to a calendar-year budget for Project-Based Section 8 and the possibility for a shortfall in funding if the proposal doesn't work as hoped. Furthermore, there is skepticism that this transition will actually lead to secure 12-month funding in the future. NAHMA is reviewing this proposed change to Project-Based Section 8 payments in consultation with our Federal and Regulatory Affairs Committees.

PROPOSED RAD CAP ELIMINATION

In another program area, the budget proposes eliminating the Rental Assistance Demonstration (RAD) cap of 60,000

HUD, RD Funding Levels

The following shows the relevant HUD and RD funding levels for FY 2015, 2014 and 2013.

PROGRAM	FY 2015 PROPOSED	FY 2014 ENACTED	FY 2013 POST-SEQUESTER LEVELS
HUD			
Project-Based Section 8	\$9.75 billion	\$9.92 billion <i>(note: includes \$400 million in advanced appropriations for FY 2015 and \$265 million for PBCAs)</i>	\$8.85 billion
Tenant-Based Section 8	\$20.05 billion	\$19.18 billion <i>(note: includes \$17.36 billion for contract renewals)</i>	\$17.96 billion
HOME	\$950 million	\$1 billion	\$948 million
Section 202	\$440 million	\$384 million <i>(note: includes \$72 million for Service Coordinators)</i>	\$355 million
Section 811	\$160 million	\$126 million	\$156 million
Community Development Block Grant	\$2.80 billion	\$3.03 billion	\$3.08 billion
RURAL DEVELOPMENT			
Section 515	\$28.43 million	\$28.43 million	\$29 million
Section 521 Rental Assistance	\$1.09 billion	\$1.11 billion	\$837 million
Section 538 (Loan Level)	\$150 million	\$150 million	\$150 million
Total MRP Revitalization and Rural Housing Vouchers (RHVs)	\$28 million/ RHVs: \$8 M	\$32.57 million/ RHVs: \$12.58 M	\$26 million/ RHVs: \$9 M

units to continue the conversion of public housing units into long-term project-based rental assistance contracts. The move would help make progress on the Administration's stated goal to preserve critically needed rental housing.

Numerous public housing authorities (PHAs) are facing severe backlogs of large-scale conversion projects. HUD says eliminating the RAD cap will enable it to address the 180,000-plus current applications and create approximately \$6 billion in private financing for public housing recapitalization.

STABILIZING RURAL RA

For Section 521 RA, RD says the requested funding levels, coupled with savings proposals, will be sufficient to renew all expiring contracts in 2015.

RD's mission was severely compromised in 2013 after sequestration cuts slashed RD's budget. Cuts to RA caused RD to not renew a number of contracts for multifamily properties in September 2013. Although these contracts were renewed in FY 2014, the agency will not make retroactive payments on the delayed nonrenewals.

The 2015 budget also seeks to "improve the management of the rental assistance program." New authorities noted in the budget request include:

- The ability to renew contracts "at the discretion of the Secretary";
- Rental assistance agreements entered into or renewed during the current fiscal year shall be funded up to one year and will not be renewed within the 12-month contract period;

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■ A minimum of \$50 in rent for tenants unless they qualify for a “hardship exemption”; and

■ The ability to verify income through Internal Revenue Service and Health and Human Services databases.

NAHMA is concerned that the new authorities proposed are too broad and that they should be revised to more closely reflect their stated intent. For example, NAHMA believes the requested flexibility should not absolve the agency of its financial obligations to owners for payment of RA during the term of the contract, nor should it be used as a budget gimmick to request lower appropriations than are necessary to provide 12 months of contract funding at the time of renewal. Instead, NAHMA believes that an advanced appropriation would offer a more straightforward mechanism to ensure RD has the necessary funding for contract renewals when the agency must operate under a continuing resolution. Advanced appropriations have been used successfully for several years to renew HUD’s Project-Based Section 8 and Housing Choice Voucher contracts during the first quarter of the fiscal year when continuing resolutions are in place.

The RD budget document also indicates that USDA will submit to Congress a separate multifamily housing reinvention legislative package. The package is expected to include permanent authority for the Multifamily Housing and Revitalization Program (MRP) used to preserve and revitalize the existing Section 515 portfolio.

TAX AND DOMESTIC ABUSE PROPOSALS

Along with proposed changes in HUD and RD, the Administration’s FY 2015 budget contains proposals to reform and expand the low-income housing tax credit (LIHTC) program, including five key action points:

■ Allow states to convert a portion

of their tax-exempt Private Activity Bond (PAB) authority into allocated LIHTCs.

■ Add a third criterion to the LIHTC qualifying criteria. When a taxpayer elects this criterion, at least 40 percent of the units in the project would have to be occupied by tenants with incomes that average no more than 60 percent of area median income (AMI).

■ Add preservation of federally assisted affordable housing as an 11th selection criterion that state qualified allocation plans (QAPs) must include in their allocation of LIHTCs.

■ Change the formulas for 70 percent present value credit rate and 30 percent present value credit rate LIHTCs.

■ Permit a Real Estate Investment Trust (REIT) that receives LIHTCs to designate as tax exempt some of the dividends that it distributes. Dividends so designated would be excluded from the gross income of the shareholders that receive them, with certain limitations.

The budget also proposes protections for victims of domestic abuse; these provisions would be required in all long-term use agreements.

SHORTFALLS OF THE FY 14 OMNIBUS BILL

Meanwhile in current year funding, the FY 2014 omnibus bill follows the terms set in the Bipartisan Budget Act by providing \$520.5 billion for the defense and \$491.7 billion for the non-defense budget caps. Of the amount for nondefense programs, the omnibus includes a total of \$32.8 billion for HUD, a decrease of \$687 million below the fiscal year 2013, pre-sequester enacted level. This results in some HUD programs receiving less than desired funding.

For Project-Based Section 8, NAHMA and its industry partners called repeatedly for full-funding in order to maintain program solvency and prevent short-funding of contracts. The industry cited \$11.5 billion as the number to fully-fund contracts for a

12-month cycle. However, with only \$9.9 billion in funding, contract short-funding will occur again in fiscal 2014.

NAHMA remains concerned about the funding levels provided to Project-Based Section 8. “We have consistently advocated for an end to the short-funding of contracts because this practice does not work or save money for the government,” said NAHMA Executive Director Kris Cook. “Furthermore, it unnecessarily complicates property management for O/As [owners/administrators], as well as program administration for HUD staff.”

The omnibus act contains strong funding for RD programs, especially for the Section 521 RA account. After the alarming shortfalls in Section 521 RA caused by the sequester, NAHMA and industry partners advocated for better program funding that would assure current contracts receive full funding for renewals.

In the omnibus, Section 521 RA is slated to receive \$1.1 billion—\$237 million above the 2013 pre-sequestration enacted level. According to RD staff, the agency’s goal is to renew all expiring contracts in fiscal 2014. But since RA usage is variable, staff will have to monitor the status of renewals throughout the year.

The omnibus bill funds federal agencies through September 30, 2014. Fiscal year 2015 begins October 1, 2014.

Throughout the coming legislative cycles, NAHMA will follow the progress of the President’s budget and monitor its most concerning proposals. NAHMA also would like to hear from members on the local impacts of the FY 2014 appropriations levels.

Links to key Administration and Congressional documents as well as more details on NAHMA’s actions and analyses on the President’s fiscal 2015 budget and the fiscal year 2014 omnibus act are on NAHMA’s website (www.nahma.org) in the member portal. **NN**



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HUD Multifamily Issues Policy Priorities

IN EARLY MARCH, HUD DEPUTY Assistant Secretary for Multifamily Housing Programs Ben Metcalf released a memo entitled, “Multifamily Policy Priorities for Calendar Year 2014.” In his memo to multifamily stakeholders, DAS Metcalf described 25 ambitious policy priorities which will receive his personal attention and which “are on the fastest time cycle for completion.”

NAHMA has a direct interest in most of the top 25 policy priorities. This article discusses some of the most important initiatives which will affect property owners and managers. Members who wish to read about all 25 policies can find the memo on NAHMA’s HUD webpage, <http://www.nahma.org/members/hud.html>.

POLICY: MULTIFAMILY TRANSFORMATION

According to the memo:

“The Office of Multifamily Housing Transformation includes four initiatives: workload sharing to address fluctuations in volume; risk-based underwriting and processing in Production; Account Executive and Troubled Asset Specialist support in Asset Management; and streamlined organizational model in both headquarters and the field. Integrating these business changes with the policy development process will lead to improved policy changes.”

Based on information available at press time, once the transformation is completed, HUD’s multifamily housing field operations will be consolidated into five multifamily HUB offices and seven satellite offices. The first wave of this

consolidation is scheduled to begin in the Ft. Worth-Kansas City region.

NAHMA remains in close contact with HUD HQ about the communication and servicing challenges our members are experiencing as current HUD field office staff are retiring or preparing to relocate. At press time, we were developing some constructive policy recommendations to address these issues.

POLICY: ISSUE THE 4350.1 HANDBOOK

The last comprehensive revision to the 4350.1 *Multifamily Asset Management and Project Servicing Handbook* occurred in 1992.

Based on preliminary information from HUD, the revision will likely exceed 50 chapters. NAHMA is commenting on the draft chapters as they are released. After HUD incorporates changes to the draft chapters, the Department will also provide an opportunity to comment on the handbook again before it is officially released.

POLICY: RENT COMPARABILITY STUDY (RCS) CHANGES

HUD will “Review and analyze the current requirements for owner submission of RCS’s and determine what changes may be necessary to ensure accuracy in determination of market rent levels.”

The draft *Section 8 Renewal Policy Guide Book*, which was still under a public comment period at press time, proposed a new system for benchmarking rents. Section 9-23 of the *Renewal Guide* proposes a requirement that HUD hire a third-party appraiser to complete an RCS if rents in the owner’s RCS exceed 110 percent of the Median

Gross Rent by ZIP Code Tabulation Area as published by the U. S. Bureau of the Census (or other comparable source as determined by HUD). NAHMA remains concerned about HUD’s insistence on using ZIP codes as market areas, as well as the concept of rent benchmarking. We will sign comments in opposition to this proposal.

POLICY: BUDGET-BASED AND PRAC RENTS

NAHMA will closely follow HUD’s initiatives to “Review the current process and requirements for HUD and PBCA review of budget based rent increases and analyze whether the process is sufficient for ensuring accurate rent determinations.”

OTHER NOTEWORTHY POLICIES

Interestingly, the policy “Revamp 2530/ APPS” is targeted for completion in 2015. A more vague goal to “Establish Owner Counterparty Ratings” for borrowers and assisted housing owners is supposed to ensure HUD will “continue to do business with the best partners possible.”

Also noteworthy are three energy reduction initiatives, which include a new Capital Needs Assessment E-Tool. This CNA E-Tool will have a utility conservation component capable of cost/benefit analyses of conservation measures at individual properties.

Expanding the Rental Assistance Demonstration (RAD) Program, improving the LIHTC Pilot Program for 223(f) loans, and extending the LIHTC Pilot to 221(d)(4) loans are also among the top 25 priorities. **NN**

Michelle Kitchen is Director of Government Affairs for NAHMA.

Income-Qualified Households in LIHTC Properties

UNDER IRC §42(G)(1), TAXPAYERS ELECT TO PROVIDE LOW-INCOME housing for individuals whose incomes are either 50 percent or less of Area Median Gross Income (AMGI), or 60 percent or less of AMGI. The election is made on Form 8609, Low-Income Housing Credit Allocation and Certification, line 10c.

Under §142(d)(2)(B), an individual's income is determined in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the United States Housing Act of 1937. IRC §42(g)(4) applies §142(d)(2) to IRC §42 projects.

Notice 88-80 explains that individuals' income for purposes of IRC §42(g)(1) are determined using HUD's definitions of income for Section 8 purposes and will not be made by reference to items of income used in determining gross income for purposes of computing federal income tax liabilities.

HUD maintains handbooks for administering Section 8. Handbook 4350.3, Chapter 5, Section 1 is the source document and authority for how income is treated when determining whether a household is income-qualified for IRC §42 purposes. The Handbook is available on the HUD website.

The Handbook is one of the authorities cited in Chapter 4 of the Guide for Completing Form 8823 (Form 8823 Guide), which also includes an in-depth discussion of how income from different sources is treated.

HUD UPDATED HANDBOOK 4250.3

On August 7, 2013, HUD issued changes to the Handbook, which is designated CHG-4. Revisions within the Handbook are identified by asterisks (*) at the beginning and ending of the change. Pages with revisions can be identified by the date 8/13 in the bottom right-hand corner. The effective date is also August 7, 2013.

QUESTIONS & ANSWERS

Q: Should owners continue to rely on the IRS's Guide for Completing Form 8823?

A: No. Owners should rely on HUD's Handbook as the legal authority when

determining a household's income. The Form 8823 Guide is not an authority itself; it is a compilation of authoritative references with explanations for applying the rules.

Q: Must owners obtain documentation of income as described in Chapter 5, Section 3, of the Handbook?

A: While the documentation requirements described in the handbook are sufficient for IRC §42 purposes, Handbook 4250.3, Chapter 3, Section 3, Verification, is not the authority for documentation requirements.

IRC §42 Requirements

In general, under IRC §6001, all

Handbook 4350.3, Chapter 5, Section 1 is the source document and authority for how income is treated when determining whether a household is income-qualified for IRC §42 purposes.

taxpayers are held to a documentation standard of "sufficiency." Treas. Reg. §1.6001-1 explains:

1. Taxpayer must keep permanent books of account or records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters required to be shown by such person in any return of such tax or information.

2. The required books or records must be kept at all times available for inspection by authorized internal revenue officers or employees and shall be retained so long as the contents thereof may become material in the administration of any internal revenue law.

Specific to determining whether a household is income qualified, Treas. Reg. §1.42-5(b) requires that taxpayer maintain:

1. The income certification for each low-income tenant completed at the



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time the household moved into the unit and, if required, annual income recertifications.

2. Documentation to support each low-income tenant's income certification. For example, a copy of the tenant's federal income tax return, Forms W-2, or verifications of income from third parties such as employers or state agencies paying unemployment compensation. In the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement is satisfied if the public housing authority provides a statement to the building owner declaring that the tenant's income does not exceed the applicable income limit under IRC §42(g).

Record Retention

Taxpayers must maintain records such as the income certifications and documentation for a specific tax year for at least six years after the due date (with extensions) for filing the federal income tax return for that year.

The records for the first year of the credit period must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.

Third Party Verification

The HUD Handbook includes a helpful discussion of third party verification on pages 5-54 through 5-56.

1. A document generated by a third party source provided by the tenant is still considered "third party" verification because the document originated from a third-party source. For example, a tenant may provide pay stubs or a W-2 prepared by the tenant's employer. When evaluating the documents, consider:

■ Is it current? The tenant's circumstances may have changed since the document was created.

■ Is it complete? For example, pay stubs can be used to verify income. Actual paychecks (or copies) are not acceptable because deductions are not identified on the paycheck.

■ Is it the original document? If the document is a copy, it may have been altered by using high-quality copying equipment. Documents with original signatures are the most reliable.

2. Written documentation sent directly by the third-party may be received by mail, fax, or e-mail. If received by fax, the fax should include the company name and fax number of the third party. If received by email, the email address should be for the third party and include the name of the party sending the email.

3. Information verified on the Internet is considered third party verification if the information is from a reliable source. A printout from the Internet is adequate verification.

4. Third party verification may be made over the telephone. To ensure that the person on the telephone is the right party, it is best to call the verification source rather than accepting verification from a third party initiating the telephone call.

State Agency Requirements

The state housing agencies can require taxpayers to obtain specific documentation of income based on local practices and circumstances. Taxpayers are advised to consult with the state housing agency regarding documentation requirements for income certifications.

Q: Paragraph 5-6, Q-3, has been added to the Handbook (page 5-20) and specifies that for Section 8 tenants only, any deferred disability benefits from the Department of Veterans Affairs (VA) that are received in a lump sum or in prospective monthly amounts are excluded from annual income. Should deferred disability benefits from the VA be excluded for all households for IRC §42 purposes, or just households receiving Section 8 assistance?

A: The exception applies only to tenants receiving Section 8 assistance. If the exception does not apply, the lump sum deferred payments are counted as an asset. If the lump sum payment was caused by delays in processing periodic

payments, then the lump sum payment is included in income.

NOTE: The treatment of educational scholarships or grants is also dependent on whether the student is receiving Section 8 assistance. See page 5-11 of the HUD Handbook and page 4-18 of the Guide for Completing Form 8823.

Q: How should income from IRAs be treated once someone begins receiving periodic payments, even if it is just one payment per year?

A: Before the latest revision, Chapter 5, paragraph 5-6 L-2, read: "Withdrawals from retirement accounts such as Individual Retirement Accounts and 401K accounts that are not periodic payments are not counted in annual income." (See 5-7 G-4.) The references paragraph 6-7, G-4, read:

(b) Balances held in retirement accounts are counted as assets even though withdrawal would result in a penalty.

(d) Include in annual income any retirement benefits received through periodic payments.

HUD has clarified how these payments should be treated. As before, paragraph 5-6, L-2, reads: Withdrawals from retirement accounts such as Individual Retirement Accounts and 401K accounts that are not periodic payments are not counted in annual income (see 5-7 G-4). But paragraph 5-6, L-2(d) now clarifies that IRA, Keogh, and similar retirement savings accounts are counted as assets, even though withdrawal would result in a penalty, unless benefits are being received through period payments.

Therefore, IRS, Keogh, and similar retirement savings accounts are not considered assets if the person is receiving periodic payments. **NN**

Grace Robertson is an IRS program analyst for examination specialization and technical guidance. This article was reprinted from the LIHC Newsletter #54, published by the IRS in December 2013 and distributed free through e-mail. To subscribe, contact Grace.F.Robertson@irs.gov. Also designate whether you would like to receive the Adobe pdf version or the Word document.

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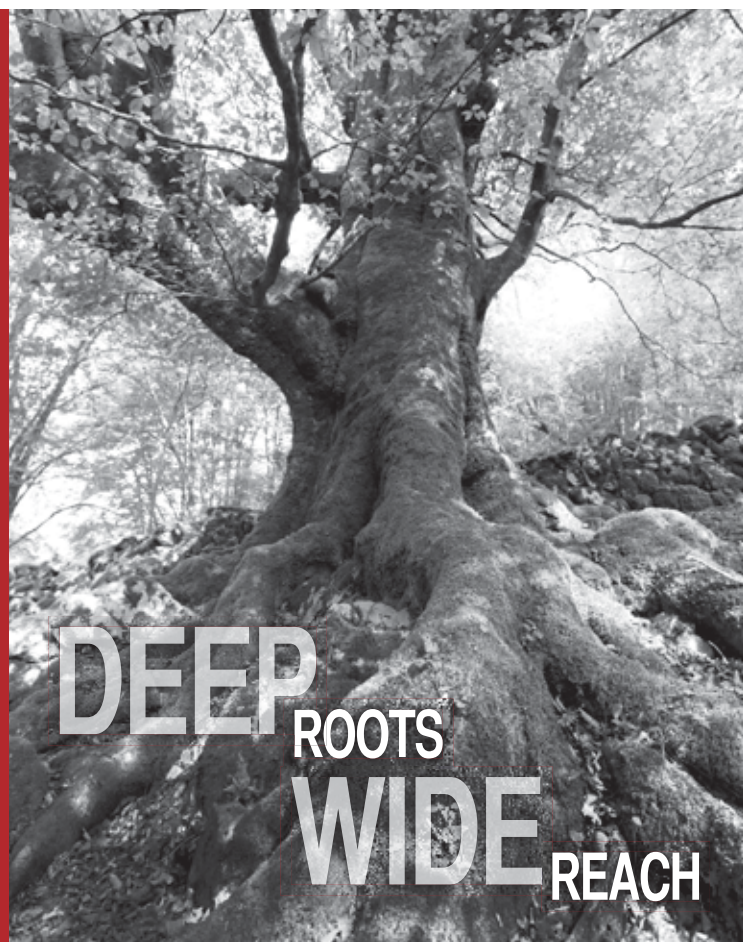
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IMPORTANT UPDATE

CMS Contract Management Services et al. vs. United States

On March 25, the U.S. Court of Appeals for the Federal Circuit handed down its decision in the case of CMS Contract Management Services et. al. vs. United States. This case pertains to HUD's award of PBCA contracts. The PBCA plaintiffs appealed the previous U.S. Court of Federal Claims' decision which permitted HUD to proceed with its PBCA contract awards under the 2012 NOFA. On this appeal, the PBCA plaintiffs won. The U.S. Court of Appeals for the Federal Circuit (referred to as the Appeals Court for our purposes) reversed the lower court's decision and remanded the case back to the lower court to be decided consistent with this decision. The decision prevents HUD from proceeding with its contract awards under the 2012 PBCA NOFA.

The Appeals Court ruled that the Performance-Based Annual Contribution Contracts (PBACCs or PBCA contracts) are procurement agreements, not cooperative agreements as HUD had argued. Procurement agreements carry stricter restrictions for contract awards. First, the Appeals Court explained the distinction between procurement contracts and cooperative agreements:

The Federal Grant and Cooperative Agreement Act (FGCAA) sets forth the type of legal instrument an executive agency must use when awarding a federal grant or contract. 31 U.S.C. § 6301. In pertinent part, "[a]n executive agency shall use a procurement contract as the legal instrument...when...the principal purpose of the instrument is

to acquire (by purchase, lease, or barter) property or services for the direct benefit or use of the United States government." 31 U.S.C. § 6303. When using a procurement contract, an agency must adhere to federal procurement laws, including the Competition in Contracting Act (CICA), 41 U.S.C. § 3301, as well as the Federal Acquisition Regulation (FAR).

In contrast, an "agency shall use a cooperative agreement as the legal instrument . . . when . . . the principal purpose of the relation-

ship is to transfer a thing of value to the [recipient] to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring...property or services." 31 U.S.C. § 6305. The FGCAA notes that "substantial involvement is expected between the executive agency and the [recipient] when carrying out the activity contemplated in the [cooperative] agreement." 31 U.S.C. § 6305(2). When using a cooperative agreement, agencies escape the requirements of federal procurement law.

The Appeals Court agreed with the PBCA plaintiffs that the PBCA contracts were procurement agreements because, "Based on this record, the primary purpose of the PBACCs is to procure the services of the PBCAs to support HUD's staff and provide assistance to HUD with the oversight

and monitoring of Section 8 housing assistance." The decision cited several examples which proved that the PBACCs are procurement agreements to the Appeals Court's satisfaction.

The Appeals Court did not rule on the legality of HUD's preference for in-state PBCAs. The decision was explained as follows:

Because the PBACCs at issue are procurement contracts, and because HUD concedes it did not comply with federal procurement laws, the decision of the Court of Federal Claims must be

The Appeals Court ruled that the Performance-Based Annual Contribution Contracts (PBACCs or PBCA contracts) are procurement agreements, not cooperative agreements as HUD had argued. Procurement agreements carry stricter restrictions for contract awards.

reversed and remanded for disposition consistent with this opinion. This court does not reach Appellants' argument that the PBACC's anticompetitive requirements are arbitrary and capricious under the APA.

REVERSED

HUD has not yet issued an official statement on the Appeals Court's decision. Based on previous information from HUD officials about the Department's contingency plans if it lost the case, NAHMA expects HUD will enter into long-term contracts with incumbent PBCAs.

Rebidding the PBCA contracts under federal procurement laws would likely take 24 months.

NAHMA will keep members informed as new information becomes available. **NN**

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Winter Meeting Centers on Advocacy

NAHMA'S WINTER MEETING FEATURED A FORUM ON LEGISLATIVE issues and a workshop on grassroots advocacy that engaged attendees in becoming more knowledgeable about communicating with members of Congress on legislation of great importance to affordable housing.

In addition, the 2013 Communities of Quality Awards® were given to the honorees at a luncheon that featured keynote speaker Dom McCoy, HUD General Deputy Assistant Secretary, Office of Congressional & Intergovernmental Relations. Attendees also participated in a presentation on *Operating in an Age of Austerity, From the Mundane to the Esoteric* with David Smith; numerous committee meetings; and the presentation of NAHMA's annual Industry Awards (see article on page 18).

Networking, education and the furthering of NAHMA members' goals resulted in a meeting that was both valuable and gratifying.

NAHMA's next meeting takes place June 17-18, 2014, in Denver, in conjunction with the NAA Annual Conference and Exposition. See the article on page 26 or go to www.nahma.org for more information and to register. **NN**



TOP: Meeting speakers, starting at left, include Doug Zirkle, HD Supply; Dom McCoy, HUD; Greg Proctor, Realpage; and Sen. Cory Booker (D-NJ).

BOTTOM: Panel left to right includes John Yang, Harry Bagot, Shari Smith, Megan Davidson, Chris Voss.

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To be recognized as a COQ Corporate Partner, a management company must have at least half of its affordable multifamily portfolio earn National COQ Recognition. Current COQ Corporate Partner Companies are:

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AIMCO

American Baptist Homes of the West (ABHOW)

Barkan Management

CSI Support and Development Services

First Realty Management

Jewish Community Housing for the Elderly

Metropolitan Associates

Peabody Properties Inc.

PRD Management*

Spear Management

TESCO

The Community Builders Inc.

The Schochet Companies

Walton Community Services

Wesley Housing Corporation of Memphis, Inc.

Westminster Company

WinnResidential

**PRD Management has achieved COQ Recognition status for 100 percent of its portfolio.*

Presenting 2013 Awards for Outstanding Achievement

NAHMA was pleased to present awards at its recent Winter meeting in Washington, D.C. to honor both individuals and organizations whose professionalism, dedication and accomplishments in assuring quality housing for low-income Americans raises the standards of the multifamily affordable housing industry. Recipients of the Industry and AHMA Awards exemplify the best of the affordable housing industry. Here are the winners.

NAHMA INDUSTRY STATESMAN AWARD

This award goes to an outstanding industry leader whose long-term service and dedication to NAHMA, its local affiliated AHMAs and the affordable housing industry have been a constant source of inspiration.

Carl Coan, Jr. (posthumously), Founder, Coan & Lyons; pioneer in the establishment of HUD programs

Carl Coan, Jr. was a tireless advocate for the development and provision of affordable housing for low- to moderate-income Americans during his lengthy and distinguished career. After graduating from the Georgetown University Law Center in 1958, Coan entered public service in September 1958 as an attorney for the Federal Housing Administration of the Housing and Home Finance Agency. In 1961, he became Legislative Opinions Counsel for the Urban Renewal Administration of the Housing and Home Finance Agency. In 1965, he became Deputy to the Director of the Redevelopment Division of the Renewal Assistance Administration, and two years later he returned to a legal position as Assistant General Counsel for Legislative Policy at HUD. In this capacity, he was responsible for supervising HUD's federal legislation activities, including the Housing and Urban Development Act of 1968. In late 1971, Coan became staff Vice President for Governmental Affairs-Legislative Counsel for NAHB, and in April 1977 he entered the private practice of law, specializing in advising and representing organizations and individuals on issues before the Congress and the Executive Branch in such areas as housing, taxation, aid to cities, grant programs, and financial institutions. Throughout his career, Coan was a forceful advocate for the cause of housing. Coan served as counsel to one of NAHMA's predecessor organizations (the Advisory Council of HUD Management Agents), and to NAHMA upon its formation.

NAHMA PRESIDENT'S AWARD

This elite award is given each year to an individual selected by NAHMA's President in recognition of a career of significant contribution to the affordable housing industry.



David Smith, Founder and Chairman, Recap Real Estate Advisors and Founder of the Affordable Housing Institute

David Smith has been an inspirational and visionary leader for the industry. In particular, he is being honored with this award for his founding of the Affordable Housing Institute (AHI), which works worldwide to deliver improved housing production and housing finance ecosystems, especially for the urban poor, in informal communities and slums in the emerging world. AHI has been the recipient of two grants from the Bill & Melinda Gates Foundation. With more than 30 years of direct experience in affordable housing, Smith uniquely combines the roles of practitioner and theoretician, participant and policymaker. Smith is also founder and Chairman of Recap Real Estate Advisors. Smith maintains a longstanding commitment to professional education, pro-bono public advice, and service to the affordable housing community. Aside from being a speaker or co-chairman at hundreds of conferences and participant in multiple industry-regulator working groups, Smith has provided high-quality analysis to Congress, the Millennial Housing Commission, CBO, HUD, state HFAs, foundations, and others, including NAHMA.

NAHMA INDUSTRY ACHIEVEMENT AWARD

The following awardees were recognized for their extensive contributions to the growth of the industry, the strategic nature of this service and their commitment to affordable housing.

This year's award was presented to the members of NAHMA's two Course Updates Task Forces, as well as Gwen Volk.



The NAHMA Fair Housing Compliance (FHC) Exam Update Task Force worked over a 15-month period to update, revise and improve the FHC course exam. To

launch their work, task force members participated in a three-hour workshop with a certification program specialist to learn how to write high-quality statistically valid multiple choice questions. The task force was then charged with converting the existing FHC 50- true-or-false-question exam into an exam with 50 multiple choice questions. Over the course of its work, the task force convened by conference call and corresponded through email on a regular basis to circulate, review and edit exam questions. The task force completed its work and the new FHC exam was launched in May 2013. Through the group's hard work, NAHMA has been able to offer FHC students an updated and improved course exam as they achieve the highly respected NAHMA FHC certification.



The NAHMA 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 4350.3 Occupancy Handbook. As subject matter experts, task force members saw the importance of implementing the new changes into the course and exam as soon as possible to ensure that students received the most up-to-date and accurate information. A comprehensive review of the CPO materials resulted in updates to the course manual, homework assignment, exam and trainer Powerpoint. Through the task force's hard work, NAHMA was able to offer students a

first-rate learning experience as they pursued the highly coveted NAHMA CPO certification.



Gwen Volk, Director of Affordable Housing Compliance at LBK Management Services, was honored for putting together an outstanding webinar on how to apply for NAHMA's Communities of Quality® (COQ) National Recognition Program. The webinar, available at www.youtube.com/watch?v=95U3ckWkyVA, provides detailed

and comprehensive step-by-step guidance on completing the COQ application, which is a self-scoring matrix of six benchmarks of success. Through the COQ National Recognition program, multifamily properties can be 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. NAHMA created the COQ National Recognition program as a way to acknowledge companies that provide the highest-quality affordable housing to lower-income residents while adding value to the larger community.

NAHMA INDUSTRY PARTNER AWARD

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



William Christiansen, Senior Enforcement Analyst, HUD (Ret.) William (Bill) Christiansen worked with the U.S. Department of Housing and Urban Development in Los Angeles for over 30 years in many positions, including multifamily and most recently in the Departmental Enforcement Center for five years as a Senior Enforcement Analyst. Christiansen retired

in January of this year, leaving behind a legacy of professionalism and compassion for the affordable housing industry, and has been especially influential in the success of AHMA-Pacific Southwest. As noted by an AHMA PSW board member, "Bill has been an advocate of quality affordable housing throughout his career and his hard work and dedication have set the bar very high for our industry. Bill truly goes above and beyond to help his "partners" in the industry succeed, and he is very deserving of this award."

NAHMA AFFORDABLE HOUSING ADVOCATE OF THE YEAR AWARD

Given annually to recognize a NAHMA member who has demonstrated a strong commitment to advance NAHMA's legislative priorities through public policy advocacy.



David Layfield, CEO at ApartmentSmart.com, Inc. David Layfield is an affiliate member of NAHMA who has 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. In particular, a major update of NAHMA Maps in 2013 resulted in the program being mobile-device-friendly, so that NAHMA members are able to reach out to their Congressional representatives no matter when or where they are traveling.

AHMA OF THE YEAR AWARD

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 (for 2013 SAHMA billed 476 members and



renewed 427 of those, for an 89.7 percent retention rate). It continues to advance the number and quality of its educational offerings in a region that includes eight southeastern states,

Puerto Rico and U.S. Virgin Islands; offerings include new seminars and courses, online education, and meetings. Among its many other services are scholarships and awards, publications, website, and activities for residents.

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 noteworthy.



Among its highlights of 2013 was the Gillette Training Day, at which 450 property managers and maintenance staff attended. It began a new format of chapter meetings, with educational events in three states (Mass., Conn. and R.I.) and the Tri-State region (N.H., Vt. and Maine). NEAHMA is well known for its charity events, which included more than 400 people coming together to honor first responders at the Boston Marathon bombing; plus fundraising events for Susan G. Komen for the Cure, Hiking Hearts, and Elizabeth Stone House.

Small: AHMA NCH

AHMA-NCH's accomplishments for 2013 include record Communities of Quality® growth, with a 22 percent increase in recognized COQ properties; a 42 percent increase in the number of education and trainings held; record 2013 Annual Conference attendance (a 27 percent increase); a 50 percent increase in certification classes; 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 related 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 mem-

bers with an ever-expanding and innovative set of services. Its relationship with vendor members continues to strengthen, and SAHMA enjoys their continued support and attendance at its trade shows, providing incentives to SAHMA members and in sponsorships.

AHMA INNOVATION AWARD

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

Large: MAHMA

In 2013 MAHMA established new partnerships to 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.



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 PAHMA's annual conference. This

program explored bullying in the residential setting—defining what it is and exploring the intimidating tactics used across different age groups. Physical, emotional and social bullying were discussed, and attendees signed a pledge to stop bullying whenever it is witnessed or reported.

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. SAHMA regularly makes presentations at each state meeting, markets the program, honors and rewards SAHMA participants with signage, ribbons, free banners and other perks. These are displayed prominently on its website and other social media platforms.



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 Develop-

ment Award. PennDel AHMA focuses on the Corporate Partner designation, wherein management companies 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 (pictured left)

MOST NEW IN 2013: Barkan Management, Boston, MA

WinnResidential accepts their award.

Tax Reform Draft Preserves, Modifies LIHTC

House Ways and Means Chairman Dave Camp's (R-MI) long-awaited comprehensive tax reform discussion draft, the Tax Reform Act of 2014, preserves the Low Income Housing Tax Credit (LIHTC) but proposes troubling changes affecting the affordable housing industry, including elimination of the 4 percent credit.

The draft, released February 26, 2014, also proposes extending the credit period from 10 to 15 years and eliminating private activity bonds (PABs).

While the affordable housing industry generally applauded the proposal's preservation of the credit even while eliminating tax loopholes to bring top corporate tax rates down to 25 percent, these two changes and other modifications to Section 3204 (LIHTC's section) raised immediate concerns.

Though unlikely to be marked up in committee or even formally introduced, the tax reform discussion draft represents years of work and will likely be used as a starting point for future tax reform efforts. The LIHTC was one of just three business credits retained in the Camp proposal.

PABS AND 'CARRIED INTEREST'

Under the draft provisions of Sections 3431-3432, interest on newly issued PABs would be taxable. Additionally, "no Federal tax credits would be allowed for mortgage credit certificates issued after 2014," according to the Camp proposal. "The provisions would be effective for bonds issued after 2014 with regard to PABs and tax years ending after 2014 with regard to mortgage credit certificates."

The draft Section 3621, Ordinary Income Treatment in the Case of Partnership Interests Held in Connection with Performance of Services, treats "carried interest" income as ordinary income rather than as a capital gain. And in a February 25, 2014 Wall Street Journal

op-ed, Camp wrote, "We can clean up provisions like 'carried interest' that allow certain private-equity firms to get the investment income tax rate on what anyone else would call normal wage income."

However, the discussion draft's section-by-section detail states that, "The provision would not apply to a partnership engaged in a real property trade or business."

MODIFYING THE HOUSING CREDIT

The Camp draft presents five arguments for its proposed changes:

- The LIHTC provides an important private-sector alternative to federally financed and operated housing for low-income individuals (e.g., Section 8 housing).

- According to the non-partisan Joint Committee on Taxation, the provision would increase the amount of LIHTC-financed projects by more than 5 percent in 2015 (from \$9.3 billion to \$9.8 billion), while reducing the cost to taxpayers.

- By modernizing the credit, the provision would provide a more transparent benefit by permitting states to allocate the basis that supports low-income housing units.

- The provision also would align the credit period with the current 15-year compliance period to ensure that the housing project continues to meet its low-income purpose for the duration of the tax benefit.

- The provision would simplify the current credit, which is the longest section of the tax code today, by streamlining many complex provisions and eliminating several special rules.

According to reviews by NAHMA and the ACTION Campaign—nearly 650 national, state and local businesses and organizations dedicated to protecting and strengthening the LIHTC—the Camp provision for the housing credit:

- Eliminates tax-exempt PABs even though they support the financing of 40 percent of all housing credit development annually, including many preservation projects.

- Eliminates the 4 percent housing credit, which likely eliminates the acquisition credit used in preservation projects that also have 9 percent credits. Together with the elimination of tax-exempt bonds, this change appears to be very detrimental to preservation activities.

- Changes the length of the credit period from 10 to 15 years, although further analysis is needed on the meaning of the new "9 percent" credit percentage, claimed over 15 years.

- Stipulates that housing finance agencies would allocate qualified basis rather than credit amounts, at a rate of \$31.20 multiplied by the state's population, with a minimum of \$36.3 million.

- Repeals the 130 percent basis boost for "high-cost and difficult development areas."

- Eliminates all special occupancy preferences except for individuals with special needs and veterans.

- Removes the requirement that states include energy efficiency and the historic nature of the project as selection criteria.

"Overall, the draft asserts that these changes are expected to make the Housing Credit a less expensive program and thereby increase revenues by \$10.7 billion over the period from 2014 to 2023," according to the ACTION Campaign.

"It is also estimated that these changes would increase the amount of Housing Credit-financed projects by more than 5 percent (creating more projects at a lower cost to taxpayers), presumably on the theory that the elimination of the 130 percent boost will mean that Housing Credit allocations will be spread among more projects."

The Ways and Means Committee has invited feedback on the draft bill. At press time, NAHMA was collecting member input on the proposal, especially seeking examples of the role of the 4 percent credit in housing preservation. Visit NAHMA's member pages at www.nahma.org for more information on this issue. **NN**

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HUD Extends Review Period of 4350.1 Handbook

Hearing the engaged but stressed voices of the affordable housing industry, HUD has extended deadlines for comments on what is being termed a “monumental” revision of the critical 4350.1 *Multifamily Asset Management and Project Servicing* handbook.

In fact, the project has zoomed well beyond a here-and-there update and into a full-fledged “Re-write of Handbook 4350.1” project, according to HUD communications.

HUD initiated the review process in late January by releasing individual revised chapters in quick succession and providing for a short timeframe for comment per chapter. Shortly thereafter a number of industry groups including NAHMA contacted HUD with their concerns over the review process, including the high number of chapters to be reviewed, the short turnaround for comments, and the unavailability of cross-referenced and related documents for the chapters under review. The industry groups also stated that their reviews and comments could be more thorough and constructive if HUD would extend the comment period until all chapters had been released and could be reviewed together.

After learning of intensive review sessions by NAHMA and other industry partners racing toward the incremental deadlines, HUD issued an email on March 13, 2014 that permitted groups to “take whatever amount of time you need to submit your comments” and promised to send a timeline for release of chapters in the revision. The HUD email also said that “to keep the ball rolling,” it would continue to send chapters as they are ready for review and suggest dates by which HUD would appreciate comments.

While HUD plans to continue to issue a stream of review chapters, the

March HUD email stated that “you’ll have another opportunity to review them before they are published. We plan to hold roundtable discussions on the more complex chapters and on all of the chapters before they are published in the revised Handbook.”

Kris Cook, NAHMA’s executive director, said, “Since we have been one of the industry’s loudest voices in urging revision of the Asset Management Handbook, we certainly don’t want to dampen the enthusiasm for bringing this critical tool to the next level.

“At the same time, however, we are thrilled that HUD has extended the review timeline so that we can offer a thoughtful evaluation of the various changes.”

DOWN TO THE DETAILS

HUD’s draft outline for the rewrite shows 12 numbered units, with the units containing a range of one to 14 chapters. The chapters are further subdivided into section areas, and some include appendices. In the back of the handbook are definitions, acronyms and an index.

The draft unit titles and chapter numbers are:

- Introduction (4 Chapters);
- 2.0 Getting Started (6 Chapters);
- 3.0 Project Monitoring (11 Chapters);
- 4.0 Servicing Troubled Projects (4 Chapters);
- 5.0 HUD-Held Mortgages (2 Chapters);
- 6.0 Property Disposition (5 Chapters);
- 7.0 Reserves and Escrows (7 Chapters);
- 8.0 Subordinate Debt (1 Chapter);
- 9.0 Transfers of Physical Assets (1 Chapter);
- 10.0 Enforcement (3 Chapters);

- 11.0 Emergency and Disaster Assistance (2 Chapters); and

- 12.0 Preservation (14 Chapters).

These are subject to change during the editing cycle.

Details matter in this rewrite project, and there are thousands to consider.

As an example, just one of the chapters—3.7 Preventing Defaults and Assignments—inspired comments from NAHMA on eight of the 11 sections, as well as this general observation:

“Members felt the policies and procedures described in this chapter read as if the Department will rush to declare defaults and accelerate debt, thus leading to many assignments and potentially large and unnecessary claims against the FHA insurance fund.

“There is also no discussion of due process protections for owners or management agents. It is unclear how these policies will help to prevent defaults and assignments, or to further HUD’s stated preservation goals.”

And zooming in on the 3.7.11 Borrower Responsibilities section, NAHMA pointed out the “term ‘net cash’ (moneys remaining after payment of the mortgage and all reasonable and necessary operating costs) is new and appears to be a HUD required escrow to fund certain unspecified property improvements and/or upgrades. Payment of ‘net cash’ into the HUD lock box would effectively capture a property’s surplus cash if the HUD required improvements and/or upgrades are set high enough.”

At NAHMA, Michelle Kitchen, director of government affairs, is coordinating comments with the Executive Council, the Regulatory Affairs Committee, and interested members. “Much is at stake with the revision of the Asset Management Handbook,” says Cook, “and we all want to get it right.” **NN**

Three Great Books for Your Reading List



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15 NAHMA Scholars Graduating in 2013/2014

By the end of the 2014 spring semester, 15 of this year's 59 NAHMA scholars will have graduated from their respective programs. This represents 25 percent of the group. The graduates will be entering many different vocational fields, including nursing, accounting, education, business, and engineering, to name a few. In the last two years, 25 of the 79 different individuals receiving scholarships have graduated. (Some students received an award in both 2012 and 2013.)

Wayne Fox, chair of the NAHMA Educational Foundation, recently said, "Our students' graduation rate is extremely impressive and something of which the Foundation is very proud. It speaks to the strong commitment these individuals have had to their academic development. We salute each of them and are happy we could provide some financial assistance to them."

Why not help your residents take

steps toward getting a degree from a college or trade/technical school? Alert them to the 2014 NAHMA Scholarship application that is available at <http://nahma.indatus.com>. Eligible residents need to be high school graduates or GED holders and be in good standing at

agement Association (AHMA) member properties.

Through its first seven years, the NAHMA Educational Foundation's National Scholarship Program has awarded scholarships to over 270 residents totaling \$350,000. "We know

"The NAHMA Scholarship Program helps to make the opportunity of pursuing higher education a reality for many residents at affordable apartment communities across the country."

an AHMA-affiliated property.

Applications must be filed online and be submitted by May 30, 2014. A completed application must include the application form, two references, an essay, a current grade transcript and a Certification of Residency in Good Standing form.

At the conclusion of its 2013 program year, the foundation awarded \$137,500 to worthy post-secondary school students who are residents of NAHMA and Affordable Housing Man-

that the ever-escalating costs of higher education have a profound impact upon residents of affordable housing. Our residents frequently struggle with life's most basic economic issues. The NAHMA Scholarship Program helps to make the opportunity of pursuing higher education a reality for many residents at affordable apartment communities across the country. The truly outstanding academic performance of the NAHMA Scholars is both impressive

Galvanizing for Public Policy: June Meeting Focus

A packed full day at NAHMA's summer meeting will focus on important public policy issues at a forum held Wednesday, June 18, 2014. This will be preceded by a NAHMA-AHMA Mini Convocation on Tuesday, June 17, during which AHMA Executive Directors and Presidents and NAHMA staff will meet to share insights and experiences in developing and providing member programs and services. Both events will be at the Hyatt Regency Denver.

The public policy forum will cover Federal Affordable Multifamily Housing Policies and include:

■ an opening town hall discussion with guest panelists Ava Goldman, President,

The Michaels Development Co., and Tom Slemmer, President & CEO, National Church Residences; and

■ A NAHMA Federal and Regulatory Affairs Committee meeting and open discussion on current key affordable housing policy issues.

NAHMA's meeting will be held in conjunction with the NAA Annual Conference and Exposition, June 19-21, 2014.

Along with the public policy forum, the NAHMA Educational Foundation Board of Directors will meet, as will the Certification Review Board, a joint meeting of the AHMA Liaison Committee and Membership and Marketing Committee, and other

committee meetings.

The special luncheon keynote speaker will be Noelle Pikus Pace, a silver medalist in the skeleton sledding race at the Sochi Olympics and a World Cup Gold Medalist. Also at the luncheon, NAHMA's Vanguard Awards will be presented.

That evening, the NAHMA Educational Foundation Dinner and Fundraising Event will be held at Kevin Taylor's *At The Opera House*, located in the Chambers Grant Salon in the Ellie Caulkins Opera House at the Denver Performing Arts Complex (ticket required). Following this will be a party at the Suite 200 nightclub (free, ticket required).

NAHMA Comments on Travel Limits

and gratifying to see,” said Fox.

To support its work, the NAHMA Educational Foundation has several key fundraising events planned for 2014, including:

■ On Wednesday, June 18, from 6:00 to 9:00 pm, a premier fundraising event at Kevin Taylor’s *At The Opera House*, which is located in the Chambers Grant Salon in the Ellie Caulkins Opera House at the Denver Performing Arts Complex, in conjunction with the NAHMA and NAA collocated June meetings in Denver; (ticket required), and

■ On Monday, October 27, 2014, the Drug-Free Kids 2015 Poster Auction and Reception, in conjunction with NAHMA’s October meeting.

Meanwhile, donations may be made to the foundation at any time by visiting www.nahma.org/content/ed_found.html and clicking on the “Donate” button. Also posted on this webpage is a video describing the work of the foundation.

For more information, contact Dr. Bruce Johnson at bwj@comcast.net or at 215-262-4230. **NN**

NAHMA will be holding several sessions during the NAA Conference, which will be held at the Colorado Convention Center. These include sessions on:

■ **Scenarios for Housing Credit Reform—Is there Life Afterwards?**

■ **Cutting-Edge Energy-Saving Solutions Designed to Pay for Themselves**

■ **The Clipboard is Dead Even in Affordable Housing—Long Live the Tablet! and**

■ **Key Federal Legislative and Regulatory Issues Impacting Affordable Multifamily Housing**

For meeting registration and hotel reservation information, visit www.nahma.org/meetings/MeetingInfo.html. **NN**

While supporting congressional efforts to improve accountability and transparency in federal spending, NAHMA is urging a Senate committee to “continue to consider the essential role private conferences play in advancing regulatory compliance.”

The Senate Committee on Homeland Security and Government Affairs’ hearing on January 14, 2014—“Examining Conference and Travel Spending Across the Federal Government”—focused on the reforms to federal conference spending since the Government Services Administration conference scandal in 2010. The key legislation is the Conference Accountability Act of 2013 (S 1347).

“NAHMA cannot support legislation [that would] arbitrarily limit agency staff participation at private meetings to one conference sponsored or organized by a particular organization (other than the agency) per fiscal year,” said NAHMA in written comments to the committee.

NAHMA said restricting knowledge-sharing among public and private entities counters Congress’ efforts to streamline regulations, ease regulatory burdens, create jobs and build the economy.

“Even when such bills are well-intentioned, the unintended consequences of S 1347 or similar legislation would harm our members’ ability to understand and comply with federal regulations,” said NAHMA’s comments. “Additionally, federal government officials would be forced to make decisions in a vacuum without meaningful input from impacted stakeholders.”

Two of NAHMA’s central goals focus on the development and preservation of quality affordable multifamily housing and preparing affordable housing professionals to succeed in evolving economic and political environments. Toward those ends, NAHMA holds

three membership conferences each year that are attended by its members as well as by legislative and executive branch employees.

Federal officials from the Department of Housing and Urban Development (HUD), Department of Agriculture-Rural Development (USDA-RD) and the Department of Treasury-Internal Revenue Service (Treasury-IRS) attend NAHMA’s meetings.

In light of the agencies’ shared public-private interest in affordable housing, NAHMA said, the gatherings allow federal staff to:

- Provide regulatory updates and explain the correct regulatory compliance protocol;
- Become familiar with local day-to-day challenges and grow as policymakers who make decisions geared toward reducing excessive regulatory burdens, increasing economic growth, and creating jobs; and
- Solicit and receive feedback from industry stakeholders about improving the effectiveness and efficiency of government programs and reducing program costs.

For example, conference interactions with HUD staff helped highlight problems with the Department’s 2011 bedbug guidance, which could have been interpreted by some local courts as superseding the landlord/tenant lease agreements. The exchanges highlighted practitioners’ concerns and led to “improved, pragmatic, and workable bedbug guidance” in April 2012, said NAHMA.

Overall, NAHMA asserted that the conferences spark an exchange of ideas and experiences and offer a common ground for government, apartment owners and managers, multifamily housing industry stakeholders, and providers of goods and services to the affordable housing industry, which ultimately leads to better policy and regulations. **NN**

REGULATORY WRAP-UP

BEGINNING FEBRUARY 2014, THE SOCIAL SECURITY Administration will no longer issue Social Security number (SSN) printouts, and their field offices will stop providing benefit verification letters. Later in 2014, SSA will stop providing benefit verification letters in its local offices. An instant letter can be obtained online by creating a personal “my” Social Security (www.ssa.gov/myaccount/) account by calling 1 (800) 772-1213, or requesting one by mail. Also, to help prevent identity theft, SSA is discontinuing providing SSN printouts since they have no security features and are easily misused or counterfeited. Persons who need proof of the Social Security number and/or do not have a Social Security card need to request a replacement card by completing the application for a Social Security Card and providing the required documentation.

Beneficiaries can obtain a benefit verification letter by registering for an account, or by calling the national toll-free number 1 (800) 772-1213 and using the automated application.

Members of the public can register for a “my” Social Security account at www.socialsecurity.gov/myaccount and safely conduct business online 24 hours a day/7 days a week.

OAHP Launches Revised Mandatory e-Application

THE OFFICE OF AFFORDABLE HOUSING PRESERVATION (OAHP) began centralized processing of Section 236 prepayments and preservation transactions in July 2013.

A key component of the centralized processing of Section 236 prepayments is the use of the consolidated e-Application tool. OAHP recently launched an updated version of the 236 consolidated e-Application tool at www.hudmfpreservation.net. The updated e-Application combines the functionality of the pre-application questionnaire and the previous e-Application. This version provides a simplified list of initial questions that leads to specific transaction requests. Additionally, this version is less prescriptive regarding the necessary exhibits are provided for each transaction type.

HUD NEWS

PUBLIC AND INDIAN HOUSING (PIH) PUBLISHED A REVISION TO THE TENANT PROTECTION VOUCHERS NOTICE.

The new Notice (Funding for Tenant Protection Vouchers for Certain At-Risk Households in Low-Vacancy Areas—Revision) amends the eligibility criteria for category 3 properties previously described in Notice PIH 2013-08. Category 3 is described as “the expiration of affordability restrictions accompanying a mortgage or preservation program administered by the Secretary.” The newly applicable Category 3 includes properties with expired use agreements. The Notice can be reviewed on the HUD/PIH website. The revision Notice is not opening up the entire 2013-08 process again; rather, “only properties that were ineligible under Notice PIH 2013-08 but eligible under this Notice (due to the expanded criteria for category 3 properties) will be processed under the amended provisions of this Notice.”

REAC HAS POSTED NEW DOCUMENTS TO ITS FINANCIAL ASSESSMENT OF MULTIFAMILY HOUSING (FASS-MF) WEBPAGE. They are a Revised Industry User Guide (with updates as of Feb. 14, 2014) and a clarification of the Office of Multifamily Housing’s 2011 Regulatory Agreement. This document is available in the FASS-MF Library. This definition only applies to owners that signed the revised 2011 version of the HUD regulatory agreement.

HUD RELEASED FY 2014 ANNUAL ADJUSTMENT FACTORS (AAFS), EFFECTIVE FEBRUARY 18, 2014. Please see HUD’s Federal Register Notice (Vol. 79, No. 2) for an explanation of the AFF’s and the AAF Tables. AAF Tables 1 and 2 are posted at <http://www.huduser.gov>.

org/portal/datasets/aaf.html/FY2014_tables.pdf.

ON FEBRUARY 6, 2014, HUD ISSUED TECHNICAL CORRECTIONS TO ITS NOTICE, "RENTAL ASSISTANCE DEMONSTRATION—FINAL IMPLEMENTATION."

The revised Notice PIH-2012-32 (HA), REV-1 includes changes in eligibility and selection criteria as well as clarifications of existing instructions. A complete list of the revisions is included in Appendix V of the Notice. For the benefit of the reader, HUD is providing a redline version of this document, available at www.hud.gov/rad. Certain revisions are subject to a 30-day comment period. NAHMA will review this Notice in consultation with our Regulatory Affairs Committee to determine appropriate next steps.

THE RESULTS OF THE 2013 MULTI-FAMILY HOUSING ANNUAL FAIR HOUSING OCCUPANCY REPORT and an Administrative Notice regarding the Implementation of the Violence Against Women Act (VAWA) are now available at NAHMA.org. The 2013 Rural Development Multi-Family Housing Annual Occupancy Report includes both Section 515 Rural Rental Housing and Section 514 Farm Labor Housing properties. Starting this year is demographic information on the Section 521 Rental Assistance (RA) program. These results are based on September 2013 data from the Multi-Family Information System (MFIS) database. The purpose of the Administrative Notice on VAWA is to inform State Directors, Program Directors, Borrowers, and Management Agents of the protections afforded to tenants and affiliated individuals residing in Rural Development-funded Multi-Family Housing properties under the Violence Against Women Reauthorization Act. Both can be viewed at www.nahma.org in the Members' section. NN

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EDUCATION CALENDAR

For information on specific classes being offered, please contact the AHMA or organization directly. All dates and locations are subject to change. For the most up-to-date listings, visit the NAHMA website at www.nahma.org/content/mem_calendar.html.

APRIL

22-24

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

CPO

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

23

Preventative Maintenance
Oakland, CA
Debbie Hawkins, AHMA NCH
(510) 452-2462
www.ahma-nch.org

MAY

6-8

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

7

HUD Occupancy/MOR prep
TBD
Debbie Hawkins, AHMA NCH
(510) 452-2462
www.ahma-nch.org

8

LIHTC Training & SHCM Exam
TBD
Debbie Hawkins, AHMA NCH
(510) 452-2462
www.ahma-nch.org

8-9

SHCM
Fresno, CA
Debbie Hawkins, AHMA NCH
(510) 452-2462
www.ahma-nch.org

12-15

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

13

Occupancy 4350.3
St. Louis, MO
Sue Streck, HAHMA
(913) 722-1999
www.hahma.org

Occupancy 4350.3

St. Louis, MO
Sue Streck, HAHMA
(913) 722-1999
www.hahma.org

Maintenance Event

Philadelphia, PA
Gerri Aman, PennDel AHMA
856-786-2183
penndelahma@comcast.net

13-14

Wyoming Spring Workshop Management Track
TBD
Kim, O'Shea, ROCKY AHMA
303-840-9803
www.rockyahma.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

21

LIHTC Compliance
Greenbelt, MD
Terry Doherty, Mid-Atlantic AHMA
(804) 673-4128
www.mid-atlantichahma.org

21-22

Occupancy 4350.3
Kansas City, MO
Sue Streck, HAHMA
(913) 722-1999
www.hahma.org

JUNE

3

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

4

Understanding REAC
CT
Julie Kelliher, NEAHMA
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4-5

Understanding REAC
MA
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RSHCM 1-1/2 Day Prep Course/SHCM Exam

RI
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5

Fair Housing Compliance
Mount Laurel, NJ
Gerri Aman, PennDel AHMA
856-786-2183
penndelahma@comcast.net

17

Communicating with Residents
St. Louis, MO
Sue Streck, HAHMA
(913) 722-1999
www.hahma.org

18

Communicating with Residents
Kansas City, MO
Sue Streck, HAHMA
(913) 722-1999
www.hahma.org

24-26

CPO
Germantown, MD
Terry Doherty, Mid-Atlantic AHMA
(804) 673-4128
www.mid-atlantichahma.org

JULY

8-9

Annual West Virginia Affordable Housing Conference
Charleston, WV
Terry Doherty, Mid-Atlantic AHMA
(804) 673-4128
www.mid-atlantichahma.org

16-18

Annual Conference
St. Louis
Sue Streck, HAHMA
(913) 722-1999
www.hahma.org

NAHMA's Certified Professional of Occupancy (CPO)

Camp Hill, PA
Gerri Aman, PennDel AHMA
856-786-2183
penndelahma@comcast.net

AUGUST

12

Writing and Enforcing Good Policies
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13

Writing and Enforcing Good Policies
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Sue Streck, HAHMA
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www.hahma.org

SEPTEMBER

9-10

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16-17

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Strong Board Makes for an Enthusiastic Director

TERRY DOHERTY IS VERY EXCITED about the quality of the Mid-Atlantic AHMA's board of directors. "They're enthusiastic and engaged and willing to put in hard work for the AHMA," she said. "That's fantastic for our organization's growth."

Growth and deepening member services is what it's all about for Doherty. "We began as the Virginia AHMA and are still strongly grounded there, but it's time to take that strength and experience to Washington, D.C. and Maryland," Doherty said. Mid-Atlantic AHMA's annual regional conference in Richmond this past November drew over 750 attendees, many from D.C. and Maryland. Mid-Atlantic AHMA also stages state meetings in West Virginia.

The addition of a state-level conference in Maryland is just one part of a planned expansion of services in Maryland and D.C. At issue in that expansion effort is finding out what services aren't already being offered there and filling the niches that present opportunities for the AHMA.

INTEREST IN SENIOR HOUSING

Doherty's background is in gerontology, and she has a Masters' degree in Gerontology/Psycho-geriatrics from the Medical College of Virginia/VCU. She was hired in 1988 by the Virginia Housing Development Authority to run a supportive services program in senior housing, to assist the needs of seniors, help them maintain their independence and age in place.

With VHDA for 13 years, Doherty and her colleagues focused on whether a consumer-based way of thinking about

elder services was possible. This would mean individuals and families would share in assisting their elderly family members through partnerships with social services agencies, so that low-cost but formal structures could assist with activities like housecleaning and transportation.

"With large groups of seniors living together in apartment buildings, we were able to survey them and their needs efficiently and experiment with how they could receive supportive services in ways that would keep them out of the more expensive health-care system," she said.

Her work at VHDA was funded by the Robert Wood Johnson Foundation, and VHDA had also been very involved in setting up the initial Virginia AHMA. "My boss there knew that I had small children at the time and that I was interested in a more flexible work situation, so he asked if I would be interested in the AHMA executive director position," Doherty said.

As her children grew, the AHMA also grew and her hours went from just 10-15 per week in her first year to fulltime. Now that her daughter is a junior in college and her son is a high school senior, she's devoting herself to the AHMA's expansion and branding effort.

EXPANSION AND REBRANDING

Mid-Atlantic AHMA is continuing to grow in size and in amount and type of educational offerings it provides.

"Our program offerings have



changed over the years," Doherty said. "We're excited that we are moving into offering online training through housingacademy.com and look to roll that out this year."

"Our board feels strongly that we can offer programs

and services of great value even in the highly competitive Maryland and D.C. markets" she said. "It's important that we re-brand so our identity matches our expanded mission."

Doherty is confident that what the AHMA has to offer can fill unmet needs. "There are many training options already present, but low cost, affordable training, for example, isn't readily available, and we can offer that."

STILL INTERESTED IN ELDERLY

While working almost exclusively with housing issues now, Doherty remains keenly interested in her gerontological roots. "So many people talk about developing more housing for the elderly and that is important, but I believe not enough is being done to put systems in place to deal with the crisis that is coming as these low-income elders become mentally or physically frail and have few affordable alternative care options," Doherty said.

For the time being, however, growing the AHMA is Doherty's primary focus. And when not working, she unwinds by playing tennis, dabbling in photography, and spending time with her dogs. "Oh, and getting my son off to college!" she said. **NN**

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REFLECTING ON THE RECENT NAHMA Winter Meeting held in Washington D.C., I continue to be energized by our members. The passion in the voices of many, expressing concerns and sharing accomplishments, is a success for all.

During the meeting we acknowledged the Communities of Quality® Award winners as well as the Industry Award winners. All awards were well deserved and hard earned! Members also had quality time with a variety of representatives from a variety of departments within HUD headquarters and the IRS.

The affordable housing industry is ever changing, and it is refreshing to see the continued commitment of so many: countless people dedicated to providing high-quality affordable housing for those most in need.

NAHMA's dedication to our members is evidenced by the quality of its meetings and also through the expansion of resources it makes available. Most recently, through our partnership with the Congressional Management

Foundation, NAHMA has access to videos demonstrating best practices for communicating with lawmakers and their staff. You can find the videos in the Grassroots Action Tool Kit on the NAHMA webpage. The videos are comprehensive and thorough. Watch "How to Hug a Porcupine: Building Relationships with Lawmakers and Why it's Important," and If you have never contacted an elected official, you just might after watching the video.

"We in America do not have government by the majority. We have government by the majority who participate." This quote by Thomas Jefferson is included in one of the videos. We must continue to be part of that majority who participates by communicating with lawmakers and their staff.

As a longtime member of NAHMA, I cannot stress enough the importance of grassroots advocacy on the part of owners, agents, on-site staff and residents. You might think you have nothing to add; that is absolutely incorrect! There

are countless success stories to be told and shared. We at NAHMA would like to know more about your communities. Please contact staff so they have more examples of the positive outcomes of affordable housing.

We will celebrate more successes at our Summer Meeting, via the Vanguard Award program. This is an opportunity to recognize the best in recently developed or rehabilitated affordable multi-family housing communities. In addition, we will have an event to celebrate the 20th Anniversary of the NAHMA Educational Foundation.

I hope you will register to attend NAHMA's Summer Meeting and Public Policy Issues Forum on June 18, 2014, held in conjunction with NAA's Conference & Expo, June 19-21, in Denver. Spend time with your colleagues and discover the power of all of us working together for those we serve. **NN**

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