NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

NAHMANews

May June 2015

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

COMMUNITIES OF QUALITY

Advocating for Affordable Housing Programs

NAHMA Submits Testimony to Save HUD and USDA Funding

NAHMA has submitted testimony to subcommittees for both respective congressional appropriation committees advocating for full funding of the Department of Housing and Urban Development (HUD) affordable housing programs and the U.S. Department of Agriculture (USDA) Rural Development multifamily housing programs in the fiscal year 2016 budget. The association's detailed testimony can be found on the Agencies page at www.nahma.org.

T-HUD SUBCOMMITTEE

NAHMA's testimony to the Subcommittee on Transportation, Housing and Urban Development and Related Agencies (T-HUD) primarily focused on the importance of providing full funding at the level of $12.2 billion for the 12-month contract terms under Project-based Section 8 (PBS8). It also requested the subcommittees' support for key HUD rental assistance programs.

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Supreme Court Declines HUD Case

THE SUPREME COURT OF THE UNITED STATES announced in April that it has declined to hear the Department of Housing and Urban Development (HUD)'s latest challenge to a previous federal appeals court decision which requires the agency to follow standard procurement practices in the Performance-based Contract Administrator (PBCA) Program.

In the past, HUD managed the PBCA Program through competitively awarded contracts. Then in 2012, HUD reclassified the procurement contracts as cooperative agreements through a Notice of Funding Availability (NOFA). During the application period of the PBCA NOFA, 42 states filed protests with the Government Accountability Office (GAO) due to HUD's use of the notice as the award mechanism for the PBCA contracts. On Aug. 15, 2012, the GAO sustained the protests. The GAO determined that HUD's use of a NOFA to award the administrator contracts to manage the Project-based Section 8 Housing Assistance Payments contracts "was improper because the 'principal purpose' of the NOFA was to obtain contract administration services for HUD's direct benefit and use, which should be acquired under a procurement instrument that results in the award of a contract."

After a long series of appeals from both HUD and the plaintiffs, on March 25, 2014, the U.S. Court of Appeals for the Federal Circuit ruled that the PBCAs are procurement agreements, not cooperative agreements as HUD had argued. HUD filed a petition for a writ of certiorari—a formal request for review—with the Supreme Court, asking the court to consider this appeal. However, with the Supreme Court declining to hear this petition, the series of legal challenges has now concluded and the next step will be for HUD to reinstate a formal, competitive procurement process in the PBCA Program.

NAHMA will continue to monitor this issue and will keep members up-to-date as new information arises.

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inside nahma

BY KRIS COOK, CAE

Full Steam Ahead

BELIEVE IT OR NOT, SUMMER IS just around the corner and NAHMA has been buzzing with activity. In April, we welcomed a new staff member. In addition, NAHMA has continued to lobby Congress concerning the fiscal year 2016 budget. We have also found time to prepare for the upcoming summer forum. NAHMA's one-day June event will feature in-depth policy sessions and numerous committee meetings, followed by the association presenting four sessions focused on key affordable housing issues at the subsequent National Apartment Association (NAA) annual conference.

WELCOME LARRY KEYS

We are glad to welcome Larry Keys Jr. as the association's new director of government affairs. He joined the association in April and has jumped right into advocacy on the federal budget, the Violence Against Women Act and other issues important to our members.

Keys comes to NAHMA from the Department of Housing and Urban Development (HUD), where he has worked as a policy analyst in the Office of Policy, Programs and Legislative Initiatives for Public and Indian Housing, since 2009. Prior to coming to HUD headquarters, Keys was a project manager in the Office of Multifamily Housing in Jackson, Miss., from 2006 to 2009. He is a graduate of Mississippi State University, where he earned a Bachelor of Arts in political science and a Master of Public Policy and Administration.

Please take a few minutes to read his first Washington Update on page 9.

HOPE TO SEE YOU

NAHMA's Public Policy Issues summer forum is in Las Vegas later this month and it is shaping up to be a huge success.

The forum takes place Wednesday, June 24, at the Mandalay Bay Resort & Casino with evening activities at the Palms Casino Resort, and is held in conjunction with the NAA Education Conference & Exposition, June 25-27.

The NAHMA forum features two policy sessions—one led by David Smith, founder and chairman of Recap Real Estate Advisors and the other by Janine Lind, NAHP-e, real estate executive management consultant and Larry Curtis, president and managing partner of WinnDevelopment—as well as the Vanguard Awards luncheon with keynote speaker David DeLong. After which, the fun moves to the Palms for the NAHMA Educational Foundation event followed by the NAHMA Party.

Additionally, NAHMA looks forward to presenting four sessions at the NAA conference. Descriptions and speakers for these sessions can be found on the preliminary NAHMA June 2015 agenda posted on the Meetings page at www.nahma.org.

FISCAL BOTTOM LINE

The association has been lobbying the respective congressional appropriation committees urging them not to cut essential U.S. Department of Agriculture (USDA) and HUD programs related to affordable housing.

The lead article provides details on the association's efforts on behalf of these vital programs. **NN**

Kris Cook, CAE, is executive director of NAHMA.

Specifically, the association urged the subcommittees to support $18.36 billion for the Housing Choice Voucher program contract renewals. For the Section 202 Housing for the Elderly and Section 811 Housing for the Disabled programs, NAHMA advocated providing at least $455 million and $177 million respectively. NAHMA pressed upon the subcommittees to provide $30 billion in commitment authority for the Federal Housing Administration (FHA)'s General and Special Risk Insurance Fund. The HOME Investment Partnerships program should receive $1.6 billion and the Community Development Block Grant should receive at least $3.3 billion, contended the association. Finally, NAHMA expressed strong support for funding HUD's Limited English Proficiency Initiative technical assistance program and expanding the Rental Assistance Demonstration Program. Furthermore, NAHMA strongly urged the subcommittees to reject cuts to affordable multifamily housing programs administered by HUD.

For PBS8, HUD requested a total of $10.76 billion, an amount that is $1.03 billion above the FY 2015 enacted level. Of this sum, $10.55 billion would be used for contract renewals. The request also includes $400 million in advanced appropriations.

In FY 2015, HUD began its transition of the PBS8 funding cycle for contract renewals to a calendar year schedule running from Jan. 1 to Dec. 31, rather than a fiscal year funding cycle of October-September. This transition and a corresponding funding cut in FY 2015 were contingent on the PBS8 program receiving full 12-month funding for contract renewals in FY 2016. HUD argues that this change will provide the true cost of the program at the beginning of the appropriations process and lead to consistent 12-month funding for PBS8 contracts in future appropriations legislation.

However, NAHMA remains concerned that the requested $10.55 billion for FY 2016 PBS8 renewals is insufficient to obligate full funding for the 12-month contract terms. In FY 2014, senior HUD officials informed industry stakeholders that $11.5 billion would be necessary in FY 2016 to obligate upfront funding for 12-month PBS8 contracts at the time of renewal and to recover the funding lost from sequestration. Later that year, Secretary Shaun Donovan testified before the Senate T-HUD Subcommittee saying $10.8 billion would be necessary in FY 2016 to fund contracts for 12 months under the new model. Since sequestration may return in FY 2016 unless Congress delays, replaces or repeals it, full funding for PBS8 contracts is essential and HUD's proposal leaves too much to chance, NAHMA testified. As a result, NAHMA believes the true cost of 12-month funding for each contract on its anniversary date in FY 2016 is approximately $12.2 billion.

> NAHMA remains concerned that the requested $10.55 billion for FY 2016 PBS8 renewals is insufficient to obligate full funding for the 12-month contract terms.

The association contends that under the calendar year model, HUD is essentially divorcing the contract anniversary date, which will still fall during any of the 12 months in the calendar year for the 17,400 existing contracts, from the contract funding date, which HUD proposes as a single day on Jan. 1. NAHMA is concerned this transition amounts to a budget gimmick that will not save the government any money. It simply accelerates an accruing shortfall in the account, now estimated at about $1.4 billion, by bifurcating payments over two fiscal years. Without full funding for renewals in later fiscal years, HUD would either have to prorate funding or stop making contract payments.

There are very real consequences to underfunding PBS8 renewals such as placing taxpayers at risk of draws on FHA insurance if a property defaults on its FHA mortgage; jeopardizing the efficient management, financial solvency and physical health of PBS8 properties; jeopardizing investor and owner confidence in the PBS8 program; increasing operating costs because properties accumulate numerous late fees to lenders and service providers as a result of having insufficient funds to make mortgage and utility bill payments; and leading to postponed or cancelled rehabilitation and renovation plans, according to NAHMA's testimony.

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Both Houses Pass Budget Framework

In late April, the House of Representatives passed its final budget by a margin of 226-197. The vote was mostly along party lines with only 14 Republicans and all Democrats opposed. Days later, the Senate followed suit, adopting the joint budget plan with a vote of 51-48 along party lines, with only two Republicans splitting from the ranks.

The measure serves as a framework for the funding bills to come and forecasts balancing the budget in 10 years by cutting more than $5 trillion in overall spending. The resolution, which is nonbinding, sets overall spending levels for federal programs and keeps expenditures for FY 2016 at the $1.017 trillion cap agreed to in the 2011 deal to raise the debt limit. It cuts domestic spending by $495 billion over the next 10 years. Conversely, the bill increases defense spending by $38 billion.

Again, this measure will not become law, but members of the Senate and House appropriations committees will have a significant challenge funding federal programs under the tight caps proposed by this budget.

YARDI TALKS

AFFORDABLE HOUSING

with James Daddario Vice President of Residential Management Corporation

Q *Tell us about Residential Management Corporation.*

A RMC is a growing affordable housing and market rate housing provider based in Suffield, Connecticut. We were founded in 1979 and have more than 550 units in New England.

Q *What led RMC to seek new software?*

A Our processes were very antiquated. Our property managers completed paper rent rolls and then shipped the files to our main office. Once the files arrived, our accounting staff had to rekey the data into a locally hosted accounting program. It was definitely time for a change, and we chose Yardi Beacon.™

Q *How has Yardi Beacon worked out?*

A The most important thing that Beacon does for RMC is put information at our fingertips whenever we need it. Beacon has enabled us to eliminate travel to our properties and cut the shipping costs we used to incur moving paper files between properties and the main office. Now, I can log in to Beacon and instantly see all the critical information I need, even if I am away on vacation or working at home after hours. I am much more connected to our properties with Beacon.

Q *And for your affordable housing mandates?*

A The majority of communities we own and/or manage are part of the USDA Rural Development 515 program. Beacon streamlined our efforts to receive subsidy payments through this program by approximately 200%, mainly because we are able to push information directly into USDA's online MINC interface without entering data by hand. It is an incredible time saver for us.

> "Beacon streamlined our efforts to receive subsidy payments through Rural Development by approximately 200%."

Q *How was the implementation process?*

A Implementation of Yardi Beacon for RMC was a simple process done exclusively through remote webinar sessions and without need for lengthy meetings or travel expenses. Ongoing training for new users is just as easy because Beacon doesn't come with a complicated paper user manual. Instead, users have access to an online database of process walkthroughs and other Web-based instructional materials.

Q *Would you recommend Beacon to other companies?*

A Absolutely. For a relatively small investment we are getting access to powerful technology. I'd encourage any company looking for affordable housing or market rate asset management to give Beacon a shot; I am sure you will find that it is far more user friendly and efficient than any other paper or software system available.

YARDI

To learn more, call **800.866.1144** or visit **www.yardi.com/BeaconAFF**

AGRICULTURE SUBCOMMITTEE

NAHMA's testimony to the Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies focused on funding for the USDA Rural Development (RD) multifamily housing programs, especially RD's requested funding and new legislative authorities for its Section 521 Rural Rental Assistance (RA) Program.

For FY 2016, USDA requests $1.17 billion for Section 521 Rural Rental Assistance. RD believes this request is sufficient to accommodate renewals. NAHMA urged the subcommittees to review this request thoroughly, as it is based on assumptions for new legislative authorities that affect the level of necessary funding.

NAHMA requested the subcommittees carefully consider whether $15 million will be sufficient to meet the demand for the Rural Housing Vouchers in FY 2016 from both prepaid and mature mortgages.

In the FY 2015 Agriculture Appropriations bill, (Division A of the Consolidated and Further Continuing Appropriations Act, 2015) Congress adopted language that eliminated the automatic renewal of rental assistance contracts that occur within the 12-month contract period. RD also requests legislative changes that would remove the requirement to fund RA contracts for a one-year period and replace it with language to fund contracts "up to one year," and provide that "rental assistance will be renewed at the discretion of the secretary."

RD said these changes would provide greater predictability in the RA budget, as well as the flexibility to prioritize RA contract renewals during times of funding uncertainty, such as continuing resolutions or under sequestration.

NAHMA is concerned that the language could be read as giving the secretary the option to choose which contracts will be funded, with no recourse for owners to recover RA payments for months that RD cannot, or will not, renew contracts. Taken together with existing language, which prohibits renewal of contracts during a 12-month contract period, this language could leave owners without RA payments for extended periods. To avoid inviting chaos into the program, NAHMA strongly urged the subcommittees to repeal the prohibition on renewing contracts that run out of funding within their 12-month contract periods. Likewise, the association strongly suggested the subcommittees fund RA contracts for their full 12-month terms.

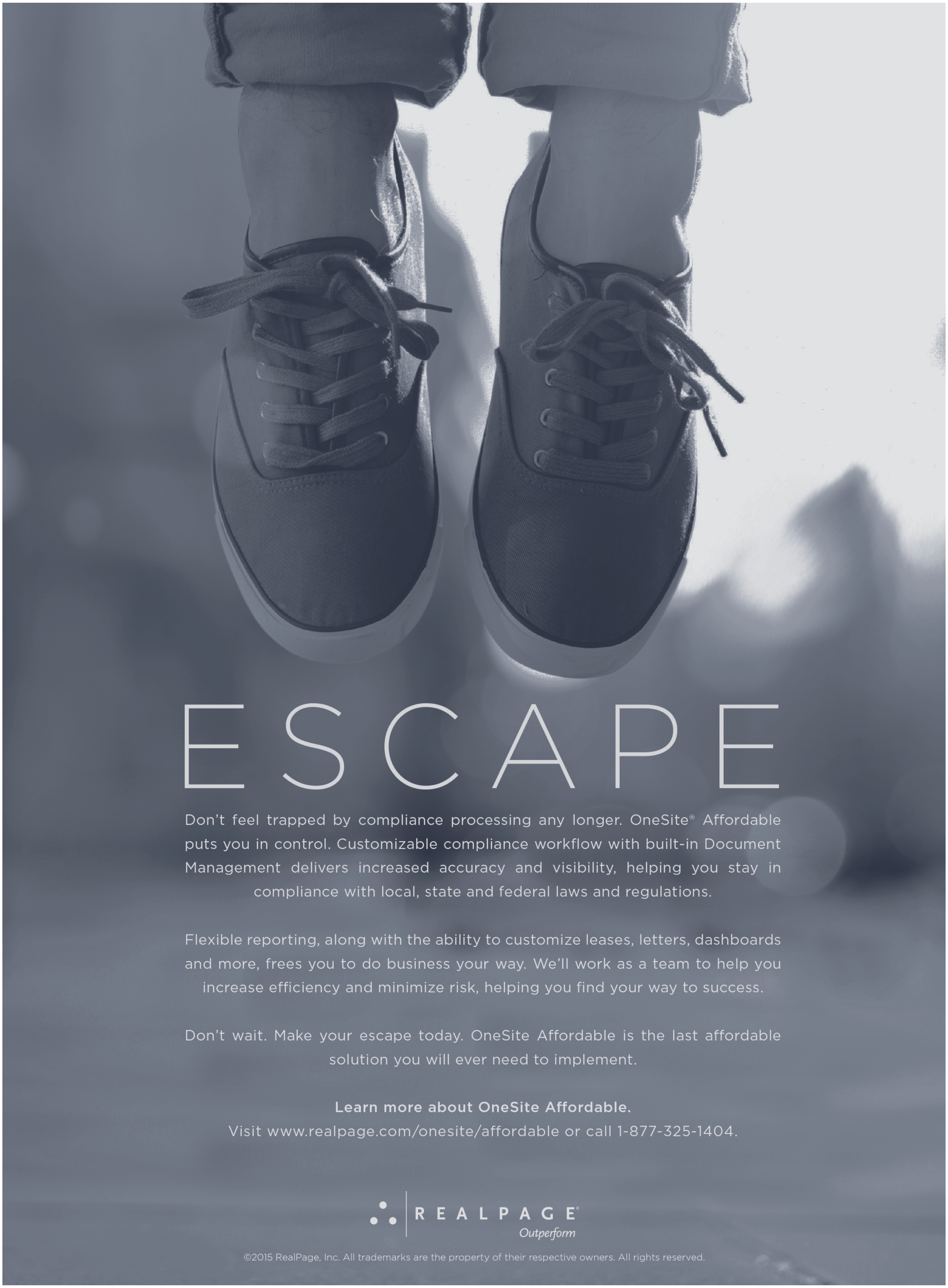
After the RA shortfall that resulted from FY 2013 sequestration, NAHMA agreed that the USDA's Rural Housing Service (RHS) may need some degree of flexibility in its contract renewal procedures during times of budget uncertainty. However, the association said, the flexibility must not absolve the agency 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 less appropriations than are necessary to provide 12 months of contract funding at the time of renewal.

Likewise, NAHMA suggested 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 PBS8 and Housing Choice Voucher contracts during the first quarter of the fiscal year when continuing resolutions are in place.

In section 724 of USDA's proposed general provisions, the agency also requests authority to access the same interagency databases used for income verification by HUD. RD is especially interested in using this authority to reduce improper payments in its RA program. If Congress provides such authority, NAHMA recommended that USDA-RD implement it by seeking access to HUD's Enterprise Income Verification (EIV) System for RHS staff, as well as for authorized property owners and managers. EIV obtains monthly Social Security and supplemental security income benefits data from the Social Security Administration, monthly employer new hires, quarterly wage for federal and nonfederal employees, and quarterly unemployment data from the Department of Health and Human Services' National Directory of New Hires. NAHMA commented that it would be more efficient for RD to use the EIV system for income verification than to create an entirely new system.

The 2016 budget request proposes $42.27 million for the Section 515 direct loan program. NAHMA supported this funding level as well as RD's request of $200 million for the Section 538 Multifamily Loan Guarantee program.

RD requests $34 million for the Multifamily Preservation and Revitalization (MRP) Program. Of this total funding, $15 million would be directed to the Rural Housing Voucher Program. RD proposes to use this funding not only to provide a rental subsidy to any low-income household, including those not receiving rental assistance, residing in a property financed with a Section 515 loan which has been prepaid after Sept. 30, 2005, but also for those "otherwise paying off the Section 515 financing as based on prioritization as determined by the secretary." NAHMA supported expanding the use of Rural Housing Vouchers to protect tenants in properties with maturing Section 515 mortgages. Likewise, NAHMA requested the subcommittees carefully consider whether $15 million will be sufficient to meet the demand for the Rural Housing Vouchers in FY 2016 from both prepaid and mature mortgages. Likewise, $19 million is proposed for the demonstration program to preserve and recapitalize aging rural multifamily rental properties. NAHMA supported funding for MRP program at a level of at least $34 million. **NN**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BY LARRY KEYS JR.

Hello NAHMA Members, Let's Get to Work!

IT IS AN INCREDIBLE HONOR FOR me to be writing my first article. I would like to begin by thanking NAHMA's board of directors, staff and members for the very warm welcome. I look forward to working with you all, as I learn and grow into the director of government affairs role. I want to share some of my background, what motivates me and what I hope we can accomplish together.

Our best days are ahead of us and I look forward to working with you to ensure you have a strong voice in the policymaking process. In the end, together we can house more people, build better communities and ensure someone is blessed with the same opportunity that I have been given to work with you.

I am the son of two hard-working public servants. In many ways, my career in the affordable housing industry began in my hometown of Brandon, Miss. While, I did not know it at the time, my neighborhood can be characterized as an area of concentrated poverty. Like any disadvantaged neighborhood, hope can be scarce and reality can be a harsh check on dreams. Despite growing up on the outskirts of advantage, my parents instilled the values of hard work, respect, love and gratitude in me every day at home. These values form a perfect mixture for success and allowed me to overcome barriers to become my family's first college graduate. My goal is to bring those values to work with me every day.

Similar to my upbringing, my career beginnings were deeply personal. In 2005, I was a graduate student at Mississippi State University when Hurricane Katrina made landfall and ravaged our state and the entire Gulf Coast region. From the aftermath of Hurricane Katrina, my career goals were to get people adequate housing and help rebuild communities. The following year, I obtained an internship with the U.S. Department of Housing and Urban Development (HUD) in the Mississippi Field Office and my career journey began.

In December 2006, I graduated from MSU with a master's degree in public policy and administration. Having completed my internship with HUD, I was offered and accepted a full-time position, as project manager, in the Multifamily Program Center, Asset Development. I was the primary liaison between HUD and the public regarding issues related to potential Federal Housing Administration multifamily mortgage insurance programs and policies. I also learned underwriting and oversaw all facets of the development process for multifamily projects, including projects financed for the elderly and disabled, Low-Income Housing Tax Credits and project-based rental assistance.

I really enjoyed the development work. I also had a front row seat to the Mississippi Gulf Coast Revitalization.

In 2009, in response to the housing and financial crisis, I developed a deep desire to learn the housing policy at a national level. I accepted the position of policy analyst inside the policy shop within HUD's Office of Public and Indian Housing (PIH) in Washington, D.C. For the past five years, I have had the opportunity to work on major affordable housing programs and policies.

I primarily advised the assistant secretary for PIH and senior HUD officials on the impact of legislative and regulatory proposals on existing PIH programs. I helped develop PIH's regulatory relief policy to assist communities in New York and New Jersey damaged by Hurricane Sandy. I worked to improve regulations on financing affordable housing developments and developed a new regulation to overcome historical barriers to housing choice. I evaluated complex applications to select local governments for high profile HUD Initiatives—Choice Neighborhoods, Sustainable Community Planning Grants and Moving to Work Demonstration.

My goal is use my policy and development experiences to help you fulfill NAHMA's mission. Despite the rough budget environment, I am optimist about the future of affordable housing. Our best days are ahead of us and I look forward to working with you to ensure you have a strong voice in the policymaking process. In the end, together we can house more people, build better communities and ensure someone is blessed with the same opportunity that I have been given to work with you. Let's get to work! **NN**

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

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Together we'll go far

BY MARK BOSSI

Getting the House in Order: The Early Stages of a LIHTC Workout

LOAN WORKOUTS INVOLVING distressed Low-Income Housing Tax Credit (LIHTC) projects are similar to workouts involving market-rate properties in some respects. In particular, they both frequently involve an initial "forbearance period" during which the borrower is given an opportunity to improve performance and then, if performance is not improved, result in one of three outcomes: (i) a negotiated restructuring or "right-sizing" of the loan, (ii) a foreclosure or receivership, or (iii) a sale of the loan by the lender.

While these ultimate outcomes are the same as those involving workouts of market-rate properties, there are unique issues that must be addressed and analysis that must be undertaken in determining which outcome is the most appropriate in a LIHTC workout. In this article, we will explore how a lender should use the early stages of a workout to better its position, analyze its alternatives and select the best workout or exit strategy.

WHAT IS A PRE-NEGOTIATION AGREEMENT?

Prior to engaging in any discussions with the borrower regarding a problem LIHTC loan, a lender will typically want the borrower sign a pre-negotiation agreement (PNA). A PNA sets the ground rules for the workout negotiations and will typically include the following acknowledgements and agreements:

- Neither party shall be deemed to have waived or given up any rights as a result of the discussions
- The parties shall have the right to continue to pursue their rights and remedies during the pendency of the discussions
- Neither party shall be bound by any statements or agreements unless and until reduced to a written agreement
- The parties' discussions shall be inadmissible as evidence in any litigation
- Either party shall have the right to terminate the discussions at any time

Because of the importance of having the tax credit investor(s) at the negotiating table in a LIHTC workout, we recommend that a lender insists on the inclusion of the tax credit investors(s) as a party to the PNA and an acknowledgement by the borrower that the lender can have separate discussions with the tax credit investors(s) concerning the loan.

Prior to engaging in any discussions with the borrower regarding a problem LIHTC loan, a lender will typically want the borrower sign a pre-negotiation agreement (PNA).

HOW DOES A FORBEARANCE PERIOD BENEFIT A LENDER?

Once a PNA has been signed, a lender will often agree to a short-term forbearance period, during which it forbears from exercising its rights against the borrower and the property in return for various concessions from, and agreements of, the borrower.

A lender typically has at least five objectives in a forbearance: (i) obtain a better understanding of the underlying causes of the borrower's financial distress and to assess whether the problems are operational in nature and can be fixed or whether the property is simply burdened by too much debt, (ii) repair any holes in its loan documentation and "cleanse" its prior dealings with the borrower through a general release, (iii) obtain additional information and due diligence that may be necessary in the event that it forecloses on the project, (iv) assess its negotiating leverage, and (v) either improve (or at least prevent further deterioration of) its economic position.

To further these objectives, a forbearance agreement will typically include most, if not all, of the following provisions:

- The borrower's acknowledgement of the indebtedness, the defaults and the lender's liens
- A requirement that the borrower deliver various financial, LIHTC and property information to the lender
- A requirement that the borrower cooperate with the lender in obtaining an updated appraisal, a capital needs survey and an environmental report for the project
- A specified period during which the lender will forbear and after which it will be free to exercise its rights and remedies
- A general release of the lender for all activity prior to the date of the forbearance
- "Adequate protection" of the lender's

continued on page 12

 continued from page 11

economic interest (through periodic payments and the performance of critical covenants, or otherwise)

TAX CREDIT DOCUMENTATION CHECKLIST

In a LIHTC workout, a lender should require the borrower to provide it with copies of the following documents that are necessary for a subsequent owner of the property to claim remaining tax credits:

- Initial application for credits
- Tax credit award letter
- Cost certification (and related audit)
- Original tenant files (and related audit)
- Tax eligibility letter
- Form 8609 (IRS LIHTC Allocation and Certification)
- Any Form 8823s (IRS notice of noncompliance)
- Annual certifications of continuing program compliance
- Annual tax returns/audits
- Tax credit administrator and/or Department of Housing and Urban Development (HUD) inspection reports with findings and documentation of resolutions

Unlike tenant and vendor files, many of these documents may not be maintained on-site at the property. As a result, a lender may have difficulty obtaining them following a foreclosure or in the event that discussions with the borrower deteriorate.

WHAT FACTORS SHOULD A LENDER CONSIDER IN DEVELOPING ITS LONG-TERM STRATEGY?

In the event that the underlying causes of the borrower's financial distress cannot be resolved, the lender will need to decide whether it is in its best interest to negotiate with the borrower to restructure the loan, to foreclose on the project, or to attempt to sell the loan. This decision hinges on a number of factors and requires the lender to consider its negotiating leverage and to weigh the advantages and disadvantages of the various outcomes. The following is a series of questions that the lender should consider in order to assess the various outcomes:

- Where is the project in the cycle of tax credits?
- Are there any remaining equity installments due from the limited partners/tax credit investors?
- What is the value of the remaining tax credits?
- Are the tax credits 4 percent credits (in which the lender actually holds tax exempt bonds) or 9 percent credits?
- And if the credits are 4 percent credits, what are the bond transfer restrictions?
- Is the property in compliance with the LIHTC restrictions?
- Does the lender have all of the necessary tax credit documentation to deliver to a purchaser of the property?
- What is the recapture exposure of the tax credit investor(s)?
- Is the project a HUD Section 8 project? If so, what are the HUD regulatory restrictions and has the lender subordinated to such restrictions?
- Is the property more valuable as a rent-restricted or a market-rate property?
- How does the "decontrol period" impact the value of the property?
- Have guarantees of the debt burned off?
- Is there an interest rate swap associated with the loan? If so, which party is "in" and which party is "out" of the money? If the borrower is "out" of the money, how will a swap termination be paid?
- What are the risks, if any, to the lender if its other real estate owned (OREO) group takes title to the property?
- How will the lender market the property following a foreclosure or through a receivership? **NN**

Mark Bossi is co-chair of Thompson Coburn's Financial Restructuring Group. He counsels lenders, creditors, bondholders and asset purchasers in all types of bankruptcies and workouts, including those involving low-income housing tax credits.

Reprinted with permission from Thompson Coburn LLP. This article is part of a continuing series on the Credit Report Blog on the subject of workouts and bankruptcies involving low-income housing tax credit projects, to read the entire blog series visit thompsoncoburn.com/creditreportblog.

NAHMA Recommends LIHTC Program Remains Unchanged; Supports Making Fixed Credit Rates Permanent

In April, NAHMA submitted comments to the Community Development and Infrastructure Working Group of the Senate Finance Committee on the potential reform of the federal tax code, specifically in the area of community development and infrastructure. The comments focused on the importance of the Low-Income Housing Tax Credit (LIHTC) for affordable housing development and preservation.

"The LIHTC program is an example of a successful public-private partnership, and serves as the primary source of federal funding to construct new affordable apartments. In the program's more than 25-year history, nearly $100 billion in private equity capital has been leveraged to finance more than 2.6 million affordable homes. Additionally, the LIHTC has spurred job growth and strengthened local economies, supporting jobs for 95,000 Americans annually," NAHMA wrote.

In general, NAHMA recommended that any comprehensive tax reform bill retain the LIHTC program in its current form. The association also strongly urged the Working Group, and ultimately the Senate Finance Committee, to remove occupancy barriers in the LIHTC program for full-time adult students seeking to increase their economic opportunities through education.

> The LIHTC program is an example of a successful public-private partnership, and serves as the primary source of federal funding to construct new affordable apartments. In the program's more than 25-year history, nearly $100 billion in private equity capital has been leveraged to finance more than 2.6 million affordable homes.

MAKE 9 PERCENT LIHTC RATE PERMANENT

"The 9 percent (70 percent present value) credit has been a driving force in the LIHTC program's success and generally functions well as a vehicle to provide new workforce housing," NAHMA wrote.

A credit's value typically floats with interest rates, but the credit rate was temporarily fixed at 9 percent under the Housing and Economic Recovery Act (HERA), and this flat rate was extended through Dec. 31, 2013 and 2014 under two additional legislative acts. The 9 percent minimum credit rate simplified state administration of the program and removed the financial uncertainty and risk associated with underwriting LIHTC financed properties. However, since the floor expired at the end of 2014, the floating rate has returned. NAHMA believes this may reduce the amount of equity that a development could receive.

The association recommends that the Working Group and the Senate Finance Committee instead pursue legislation similar to S.1442, the Improving the Low Income Housing Tax Credit Rate Act introduced by Sen. Maria Cantwell (D-WA) in August 2013, or H.R.1142, which was introduced by Rep. Pat Tiberi (R-OH) in late February 2015. These bills would make permanent the minimum 9 percent LIHTC rate for new buildings that are not federally subsidized at the 70 percent present value level. NAHMA believes making this rate permanent will provide security in the mortgage loan process and continue the LIHTC's positive impact on affordable housing production and job creation.

ESTABLISH MINIMUM 4 PERCENT CREDIT RATE

"While the LIHTC is often used to drive new affordable housing construction, the preservation and rehabilitation of existing affordable housing properties is also achieved through use of the credits," NAHMA wrote. "States are allowed to provide housing credits from their capped allocation for the acquisition of existing properties through the 30 percent present value LIHTC. These acquisitions help maintain and increase our nation's affordable housing stock while simultaneously helping local communities recover blighted properties."

According to the association, industry groups have advocated that the fixed minimum credit rate for acquisition housing credits should be set at no less than 4 percent. The 4 percent level would similarly remove the uncertainty and financial complexity of the floating rate system, simplify state administration, and facilitate preservation of affordable housing.

NAHMA recommended that the Working Group and the Senate

Finance Committee pursue legislation similar to the Tiberi and Cantwell bills that would establish a minimum 4 percent credit rate for existing buildings that are not federally subsidized. Making this permanent would strengthen the LIHTC and provide incentives for private investment in affordable housing preservation, the association said.

NEED FOR MODEST REFORMS

Additionally, the association suggested that the Working Group and the Senate Finance Committee pursue legislation that would make the LIHTC more cohesive with other federal programs to further leverage its success. NAHMA also suggested the Working Group and the Senate Finance Committee should examine ways to make the student occupancy rule for LIHTC properties more cohesive with other federal programs and remove the conflicting occupancy rules for full-time students that exist between the Department of Housing and Urban Development (HUD) and the Treasury Department.

As an example of the conflicting rules, NAHMA points to the January HUD memorandum, Occupancy Protections for HUD-Assisted Households in Properties with Low-Income Housing Credits. In the memo, HUD states, "The [HUD] lease agreement details the grounds for termination of tenancy, which do not include failure to meet LIHTC requirements, including LIHTC-specific income and student eligibility rules." As HUD's income and student eligibility rules are different from those of the LIHTC, NAHMA is concerned that the HUD memo effectively requires owners and managers to disregard the statutory LIHTC requirements. Violating the LIHTC student rule jeopardizes the very tax credits necessary to preserve and recapitalize HUD-assisted properties. The HUD memo underscores the need for a solution to the conflicting student occupancy requirements, the association said.

Furthermore, NAHMA supported proposals to reform and expand the tax credit such as allowing states to convert a portion of their tax-exempt Private Activity Bond authority into allocated LIHTCs or authorizing additional income qualifying criteria for tenants, as spelled out in the administration's fiscal year 2016 budget request. The association supported other proposals from the budget request as well, including adding preservation of federally assisted affordable housing as a selection criterion that must be included on Qualified Allocation Plans. NAHMA urged the Working Group and the Senate Finance Committee to support this and other LIHTC reforms, which will enhance its use as a preservation tool. **NN**

2015 NAHMA AFFORDABLE 100

How many housing units receive at least one form of federal subsidy in the United States today? The annual NAHMA Affordable 100 list provides this important data!

THE NAHMA AFFORDABLE 100 comprises the largest affordable multifamily property management companies, ranked by subsidized unit counts. The NAHMA Affordable 100 list contributes vital data to the ongoing national dialogue on the future of federal funding for affordable housing. In an effort to accurately determine the portfolio of units receiving federal subsidy in the United States, NAHMA publishes this annual listing of affordable units containing at least one of the following federal subsidies:

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

The National Affordable Housing Management Association (NAHMA) is the leading voice for affordable housing management, advocating on behalf of multifamily rental property managers and owners whose mission is to provide quality affordable housing.

NAHMA supports legislative and regulatory policy that promotes the development and preservation of decent and safe multifamily affordable housing. NAHMA serves as a vital resource for technical education and information, fosters strategic relations between government and industry, and recognizes those who exemplify the best in affordable housing.

RANK / MANAGEMENT COMPANY (2014 rank shown in parentheses)		HEADQUARTERS	TOTAL NUMBER OF UNITS	
			SUBSIDIZED[1]	RESIDENTIAL[2]
1	WinnResidential (1)*	Boston, MA	46,853	96,761
2	Interstate Realty Management Company (2)*	Marlton, NJ	31,672	37,628
3	FPI Management Inc. (3)	Folsom, CA	31,005	75,634
4	LEDIC Management Group, LLC (7)	Memphis, TN	27,635	39,299
5	The John Stewart Company (5)	San Francisco, CA	26,890	32,883
6	Edgewood Management Corporation (8)*	Germantown, MD	25,826	28,717
7	American Management Services (Pinnacle) (6)	Seattle, WA	25,000	83,000
8	National Church Residences (9)*	Columbus, OH	21,223	22,294
9	Capstone Real Estate Services, Inc. (13)	Austin, TX	20,992	34,360
10	Orion Real Estate Services, Inc. (10)	Houston, TX	19,798	28,214
11	ConAm Management Corporation (12)*	San Diego, CA	19,368	47,787
12	Volunteers of America (15)*	Alexandria, VA	19,133	19,522
13	KMG Prestige (14)	Mt. Pleasant, MI	18,372	20,067
14	Mercy Housing (17)*	Denver, CO	18,179	18,797
15	Dominium (11)*	Plymouth, MN	17,459	20,434
16	McCormack Baron Management (24)	St. Louis, MO	16,717	20,715
17	Royal American Management, Inc. (19)*	Panama City, FL	16,007	17,617
18	UAH Property Management, L.P. (23)	Dallas, TX	15,143	16,096
19	Grenadier Realty Corp. (20)	Brooklyn, NY	14,265	21,887
20	The Cornerstone Group (21)	Hollywood, FL	14,164	14,164
21	BSR Trust, LLC (30)*	Little Rock, AR	13,834	19,468
22	Retirement Housing Foundation (25)	Long Beach, CA	13,102	17,319
23	Related Management (16)	New York, NY	13,000	52,000
24	Conifer Realty, LLC (35)	Rochester, NY	12,642	13,837
25	Wallick Communities (28)*	Reynoldsburg, OH	12,566	13,798
26	Picerne Real Estate Group (22)	Warwick, RI	12,195	14,692
27	Boyd Management (29)	Columbia, SC	12,158	12,822
28	Multifamily Management Services (dba Arco Management, TUC Management, Multifamily Management of Philadelphia, GoldOller Management) (27)	Suffern, NY	12,059	25,544
29	Greystar	Charleston, SC	11,800	393,079
30	Preservation Management, Inc. (41)*	South Portland, ME	11,733	11,981
31	Ambling Management Company (26)*	Valdosta, GA	11,709	11,709
32	Maco Management Company, Inc. (31)	Clarkton, MO	11,606	11,729
33	Lincoln Property Company (33)	Dallas, TX	11,563	136,712
34	Beacon Communities (66)*	Boston, MA	11,476	12,459
35	Alpha-Barnes Real Estate Services, LLC	Dallas, TX	11,472	14,064
36	Gene B. Glick Company (32)*	Indianapolis, IN	11,300	19,823
37	Millennia Housing Management, Ltd. (37)	Cleveland, OH	10,910	13,137
38	SPM, LLC (36)*	Birmingham, AL	10,862	14,065
39	USA Properties Fund (38)	Roseville, CA	10,629	10,629
40	TM Associates Management, Inc. (44)*	Rockville, MD	10,451	10,499
41	Forest City Residential Management (40)	Cleveland, OH	10,372	35,184
42	The Hallmark Companies (51)	Atlanta, GA	10,348	11,457
43	The NRP Group LLC (46)	Cleveland, OH	10,326	12,714
44	U.S. Residential Group, LLC (42)	Irvine, CA	10,192	37,493
45	Professional Property Management, LLC (34)	Rockford, IL	10,165	10,165
46	The Yarco Company, Inc. (58)	Kansas City, MO	10,148	10,948
47	Partnership Property Management (48)	Greensboro, NC	10,002	10,002
48	LNR Property, Inc. (47)	Miami, FL	9,700	11,200
49	Pedcor Management Corporation (49)	Carmel, IN	9,500	13,666

FOR AFFORDABLE 100 COMPANY LINKS AND THE "NEXT 20" COMPANIES ON THE LIST VISIT:

RANK / MANAGEMENT COMPANY (2014 rank shown in parentheses)	HEADQUARTERS	TOTAL NUMBER OF UNITS SUBSIDIZED[1]	RESIDENTIAL[2]
50 Lawler Wood Housing, LLC (64)*	**Knoxville, TN**	**8,860**	**8,860**
51 Peabody Properties, Inc. (62)*	**Braintree, MA**	**8,816**	**10,149**
52 The Community Builders, Inc. (61)*	**Boston, MA**	**8,734**	**8,964**
53 Community Management Corporation (52)*	**Winston-Salem, NC**	**8,701**	**8,781**
54 Riverstone Residential Group (56)	Charleston, SC	8,601	160,000
55 Pennrose Management Company (53)	**Philadelphia, PA**	**8,465**	**8,982**
56 NDC Real Estate Management, Inc. (60)	**Pittsburgh, PA**	**8,449**	**11,268**
57 Aimco (43)*	**Denver, CO**	**8,204**	**51,455**
58 American Apartment Management (77)*	**Knoxville, TN**	**8,179**	**8,874**
59 Cambridge Management, Inc. (75)	**Tacoma, WA**	**7,987**	**8,112**
60 EAH Housing (57)	**San Rafael, CA**	**7,960**	**9,743**
61 Barker Management, Inc. (54)	**Anaheim, CA**	**7,892**	**8,989**
62 Equity Management (71)	**Columbia, MD**	**7,846**	**8,700**
63 Reliant Realty Services, Inc. (67)*	**Brooklyn, NY**	**7,817**	**7,817**
64 National Community Renaissance (65)*	**Rancho Cucamonga, CA**	**7,810**	**8,462**
65 WRH Realty Services (81)*	**St. Petersburg, FL**	**7,801**	**17,569**
66 Community Realty Management (80)*	**Pleasantville, NJ**	**7,800**	**7,896**
67 Preservation of Affordable Housing (POAH) (59)	**Boston, MA**	**7,736**	**8,606**
68 Guardian Real Estate Services LLC (55)*	**Portland, OR**	**7,656**	**11,464**
69 Seldin Company (82)*	**Omaha, NE**	**7,548**	**14,883**
70 Maloney Properties, Inc. (69)*	Wellesley, MA	7,522	8,220
71 Sun Belt Management Company (70)	Albertville, AL	7,500	10,000
72 Fairfield Residential (72)	San Diego, CA	7,201	53,831
73 Steadfast Management Company (73)	Irvine, CA	7,178	23,109
74 Woda Management & Real Estate, LLC (74)	**Westerville, OH**	**7,172**	**7,234**
75 Cascade Management, Inc. (68)	Portland, OR	7,131	7,544
76 Oakbrook Corporation (76)	Madison, WI	7,025	8,600
77 Coast Real Estate Services (104)	Everett, WA	7,000	10,000
78 RY Management, Co., Inc. (78)	New York, NY	6,751	8,000
79 Drucker & Falk, LLC (112)	**Newport News, VA**	**6,742**	**30,076**
80 SL Nusbaum Realty Co. (50)	**Norfolk, VA**	**6,742**	**15,670**
81 Cohen-Esrey Real Estate Services, LLC (79)	Overland Park, KS	6,682	11,031
82 SHP Management Corp. (89)*	**Cumberland Foreside, ME**	**6,629**	**6,629**
83 Solari Enterprises, Inc. (95)*	**Orange, CA**	**6,564**	**6,599**
84 GEM Management Inc. (84)	Charlotte, NC	6,500	8,000
85 G & K Management Co., Inc. (85)	**Culver City, CA**	**6,449**	**14,032**
86 Kettler Management, Inc. (91)*	McLean, VA	6,363	22,475
87 MidPen Property Management Corp. (86)	**Foster City, CA**	**6,289**	**6,289**
88 RLJ Management	**Columbus, OH**	**6,115**	**6,115**
89 The Integral Group LLC (88)	Atlanta, GA	6,111	6,788
90 Housing Management Resources Inc. (83)*	**North Quincy, MA**	**6,081**	**6,081**
91 CSI Support & Development Services (93)*	**Warren, MI**	**6,058**	**6,058**
92 H.J. Russell and Company (94)*	**Atlanta, GA**	**6,046**	**6,441**
93 Flaherty & Collins Properties (96)	Indianapolis, IN	5,601	9,256
94 Village Green (97)	Farmington Hills, MI	5,500	40,000
95 AWI Management Corporation (92)	**Auburn, CA**	**5,446**	**5,511**
96 Trinity Management LLC*	**Boston, MA**	**5,316**	**5,659**
97 Leon N. Weiner & Associates, Inc. (100)	Wilmington, DE	5,267	5,276
98 Key Management Company (101)	**Wichita, KS**	**5,198**	**5,924**
99 Shelter Properties, LLC (99)	**Baltimore, MD**	**5,198**	**5,572**
100 FOURMIDABLE Real Estate Management (107)	**Bingham Farms, MI**	**5,141**	**7,051**

Website Lists Additional 20, Plus Top LIHTC and Rural Companies

NAHMA'S WEBSITE VERSION of the Affordable 100 includes the next 20 largest multifamily property management companies, for a total list presenting the top 120.

Two specialty lists are also highlighted: the 25 largest housing credit (LIHTC) and the 25 largest Rural Development (RD) program property management companies. Plus, there are hyperlinks to many of the companies so visitors can quickly and easily find out more information on a particular business.

The Affordable 100 was created to accurately determine the size of the portfolio of affordable multifamily units receiving federal subsidy in the U.S. It lists affordable units containing at least one of the following federal subsidies: HUD Project-based Section 8, Section 42 LIHTC, HOME funds, bonds and USDA Section 515.

NAHMA extends its sincere thanks to the NAHMA Survey Task Force, whose hard work and support made this compilation possible. In particular, sincere appreciation goes to Task Force Chair John Yang, RentalHousingDeals; Evelyn Arias, RealPage; Boone Atkins, Yardi; Rue Fox, IPM Software; Janel Ganim, Property Solutions; Jed Graef, Housing and Development Software; Heather Gullickson, RealPage; Scott Holcomb, RealPage; Dave Layfield, ApartmentSmart.com; Mark Livanec, Growth Marketing Lab; Kris Panks, Yardi; Lori Russell, RealPage; Gustavo Sapiurka, RealPage; Shari Smith, Choice Property Resources; Jason Spencer, Yardi and Bill Sullivan, IPM Software.

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

* A NAHMA Communities of Quality National Recognition Program Participant

[1] and [2] All unit data represent only units directly managed (not owned) that were rented or available to rent on Dec. 1, 2014. Down units, abated units, units under construction or rehabbing units not available for rent are not included.

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

[2] Total residential units managed (including market or affordable). *If you believe your company should be included in next year's survey, please contact Brenda.Moser@nahma.org.*

REAC Scores Improve

THE DEPARTMENT OF HOUSING and Urban Development (HUD)'s Departmental Enforcement Center (DEC), which is comprised of the Office of the Director, the Compliance Division, the Operations Division and five satellite offices, is responsible for preventing waste, fraud and abuse in HUD-insured and assisted multifamily housing and nursing homes. Established in 1998, the DEC has captured more than $140 million in financial restitution since its inception.

In order to accomplish its mission, DEC relies on an automated monitoring system and the Real Estate Assessment Center (REAC), which provides an Internet database of comprehensive information drawn from existing government systems, on-going property inspections, analysis of financial and management reports and resident surveys.

The satellite offices annually review thousands of financial and physical referrals from REAC. If irregularities are found, the DEC contacts the owner with a reminder of his/her contractual obligations.

Prior to DEC's establishment, the average REAC score was approximately 40 out of 100, with 60 representing a passing grade. The average score in 2014 was 84. Additionally, the multifamily portfolio had a default rate of 6 percent in 1998. As of 2013, the default rate had dropped to less than 1 percent. Furthermore, the nursing home portfolio, which had a default rate of 10.5 percent in 1998, reported a rate of 1 percent in 2013. NN

HUD SEEKS COMMENTS ON MAP GUIDE DRAFT

First Significant Revisions Since 2011

The Department of Housing and Urban Development (HUD) issued draft revisions to the Multifamily Accelerated Processing (MAP) Guide in an effort to hear from stakeholders before final publication later this year. HUD categorized the revisions to the guide into a few key areas, including technical corrections to the current version, based on operational experience; integration of previously published policy issued since 2011; incorporation of the significant organizational and operational business model changes associated with the Multifamily for Tomorrow transformation initiative; and, the introduction of proposed policy revisions for public discussion. Overall, NAHMA supported some changes, such as highlighting guidance for affordable housing programs and expansive guidance to the chapter on the Low-Income Housing Tax Credit (LIHTC), but also had concerns with others. The comments were due mid-May.

The MAP Guide is intended to expedite the mortgage insurance application approval process and ensure consistent standards in all HUD processing offices. The changes provide technical clarifications and corrections, integrate previously published policy and introduce proposed policy revisions for discussion.

The association is supportive of the guide's clarity changes to the program specifics and loan-sizing ratios, specifically for affordable housing programs. For example, Project-based Section 8 (PBS8) contract for 90 percent of the units has been added to the definition of affordable housing. The 223(a)(7) program has a dedicated chapter. The 241(a) Supplemental Loan is now covered by MAP requirements. The guide also defines minimum vacancy rates for property market valuation, as 3 percent for subsidized, 5 percent for affordable and 7 percent for market rate.

NAHMA supports the expansion of the LIHTC chapter, including guidance on the "single underwriter model," valuation of projects with LIHTC and PBS8, and explanation on identity of interest requirements.

While the association is appreciative of the effort to revise the guide, which has not been updated since 2011, NAHMA shared that it would like more clarification on policy changes that result in additional costs.

Furthermore, NAHMA would like to see clarification on the 223(a)7 program, in particular, the $1,000 per unit cap for repair costs on a subconstruction and rehabilitation. The 223(a)(7) guidance is not clear on the Project Capital Needs Assessment requirement and when the requirement can be waived.

The association would also like to see clarification pertaining to Section 8 rents in excess of market rents on non-Section 202 properties. The association feels the wording in the valuation section is unclear and leaves a lot open to interpretation.

Finally, NAHMA has asked for more information regarding the Federal Housing Administration Tax Credit Pilot Program expansion. The draft guide states future guidance is forthcoming for new construction and substantial rehabilitation projects. Without the information, stakeholders cannot provide comment.

The association also recommended HUD consider including special underwriter guidelines for small projects of less than 20 units.

To review NAHMA's comments in their entirely, visit the Agencies Web page at www.nahma.org. **NN**

Association Urges Changes in Priority Guidance Plan

In response, to the IRS' invitation to evaluate the recommendations for the 2015-2016 Priority Guidance Plan, NAHMA submitted comments in April. The association's statements focused on matters related to the management of Section 42 Low-Income Housing Tax Credit (LIHTC) properties.

UTILITY ALLOWANCES (UA) SUBMETERING

NAHMA requested that IRS-Treasury add finalization of the Aug. 7, 2012, rule, "Utility Allowances Submetering Notice of Proposed Rulemaking and Notice of Public Hearing" [REG–136491–09], RIN 1545–BI91, with certain changes, to its 2015-2016 Guidance Priority Plan.

The association strongly urged IRS-Treasury to revise its interpretation of state housing agencies' authority to disapprove UA estimation methods permitted under current policies.

NAHMA stands by the position articulated by nine national organizations, which represent property owners and managers, developers and lenders who participate in the LIHTC program. The joint industry comments, submitted Oct. 4, 2012, disagreed with the general implication that state housing agencies may arbitrarily choose to disapprove any method described in the regulation.

"As written, the language in the Aug. 7, 2012, proposed rule would give state housing agencies authority to ignore the intent of the existing regulation, which is to recognize accurate estimates that encourage energy efficiency and are based on reliable methods that are easily verifiable. We are concerned that agencies may impose less accurate methods for calculating utility allowances on an arbitrary basis. We recommend that the IRS direct state housing agencies to review the data and information provided by project sponsors and make a determination based on the facts of the individual project submission. Applicants for LIHTC credits should be encouraged to engage with the state housing agency to determine what, if any, issues or concerns the approving agency may have," the joint comments stated at the time.

NAHMA urged IRS-Treasury to issue a final rule that reaffirms LIHTC property owners' options for selecting an appropriate UA estimation method available under current IRS policies.

Properties should be able to continue to take the credits during the restoration period, regardless of whether or not the property is in a presidentially declared disaster area.

SECTION 42 LIHTC BUILDINGS DAMAGED BY CASUALTY EVENTS

Also in its comments, NAHMA requested that IRS-Treasury include harmonization of casualty loss policies for LIHTC properties on its 2015-2016 Guidance Priority Plan.

Under current policies, casualties are treated differently depending on whether they are the result of a presidentially declared disaster. As described in Revenue Procedure 2007-54, a taxpayer can continue to claim the credits for casualty events in presidentially declared disaster areas. LIHTC will not be subject to recapture or loss of credit if the building's qualified basis is restored within a reasonable restoration period, which may not exceed 24 months after the end of the calendar year in which the president issued a major disaster declaration for the area where the building is located. However, properties that suffer casualty losses outside of these declared disaster areas operate under different terms. Internal Revenue Code 42(j)(4)(E) provides relief from recapture of previously earned credits if the building is restored by reconstruction or replacement within a reasonable time. However, it does not provide authority for claiming the credit during the time that the building is being restored.

As stated by the IRS, the credit is determined at the close of the taxable year under IRC §42(c)(1). Credit is determined on a monthly basis only for the first year of the credit period under IRC §42(f)(2)(A), and for additions to qualified basis under IRC §42(f)(3)(B). Otherwise, there is no authority to disallowing credits on a monthly basis. Owners of buildings in presidentially declared disaster areas will not lose credits if the building is not placed back in service by the end of the year. However, owners of buildings not in a declared disaster area will lose credits for the year if their units are not back online by Dec. 31. This means an owner could have a unit that was in compliance for the entire year, but have a fire in December that is not restored by Dec. 31, and the owner would not be eligible to take credits for the entire year.

NAHMA urged IRS-Treasury to apply the same casualty loss policies across the board. Properties should be able to continue to take the credits during the restoration period, regardless of whether or not the property is in a presidentially declared disaster area. It is reasonable, however, for IRS to establish criteria for owners to demonstrate they took prompt action to begin the restoration process following the casualty event when the loss occurs outside of a presidentially declared disaster area.

STUDENT OCCUPANCY RULE

The student occupancy rules for the LIHTC program are intended to ensure that college students who need affordable off-campus housing do not displace qualified families. While NAHMA supported the goal of these restrictions, it strongly believes the LIHTC student occupancy policies require comprehensive modernization. Under the current laws, owners and managers of LIHTC properties have had to deny tenancy to applicants who are full-time students—even if the applicant is 50 years old and is employed. Similarly, LIHTC residents risk the loss of their housing if they become a full-time student household while living on the property. Once again, this policy adversely affects independent adults who are the sole member of the household. Ideally, NAHMA would like IRS-Treasury to pursue reasonable statutory changes that preserve the intent of the student occupancy restrictions, but allow otherwise qualified independent adults to pursue greater economic opportunities through education.

There is a clear statutory conflict between the Project-based Section 8 (PBS8) and LIHTC student occupancy restrictions, and NAHMA understands that the action necessary to definitively solve this problem will require a statutory change, according to the comments.

As LIHTCs are used to preserve and recapitalize older HUD-assisted properties, housing providers are concerned that residents who are full-time students may be displaced under the LIHTC rules. For example, if a single adult who is the sole member of the household is a full-time student living in a PBS8 property that is awarded LIHTCs, the credits are jeopardized if the tenant continues to live in the building.

NAHMA's members have reported that some state housing agencies press owners to pursue eviction if the tenant does not move voluntarily. In contrast, HUD maintains that the owner has no good cause to evict the tenant if he satisfies the requirements of its student rule.

In fact, HUD recently released a guidance memo that acknowledged the conflict between the LIHTC and PBS8 student policies on mixed-financed properties and asserted that HUD's rules prevail when a Section 8 contract is in place.

NAHMA is concerned that HUD's memo effectively advises owners and managers to disregard the statutory LIHTC requirements. Violating the LIHTC student rule jeopardizes the very tax credits necessary to preserve and recapitalize HUD-assisted properties.

Both short-term and long-term measures are necessary to help housing providers navigate the conflicting student requirements. In the short term, NAHMA recommended that IRS-Treasury and HUD release a memorandum of understand to provide guidance on treatment of full-time student residents and applicants at mixed-financed properties.

In the long-term, NAHMA recommended that IRS-Treasury, HUD and the U.S. Department of Agriculture-Rural Development utilize the Rental Policy Working Group and stakeholders to propose a uniform student occupancy policy for all federal multifamily housing programs. This policy should permit occupancy by full-time student households in LIHTC, HUD and RD properties, if the full-time students are independent adults who are otherwise income-qualified and who meet the program requirements. **NN**

Study Shows Need for New Funding Formula

THE DEPARTMENT OF HOUSING AND Urban Development (HUD) released its Housing Choice Voucher (HCV) Administrative Fee Study, marking the first time that HUD has collected empirical data on the actual costs to administer the HCV program. HUD hired Abt Associates to conduct the study of 60 high-performing Public Housing Authorities (PHAs) over the course of 2013 in order to more accurately determine HCV funding needs. The study found that PHAs' administrative fees were insufficient to run the HCV program, and suggested a new formula to calculate HCV administrative fees to mitigate this issue. The Obama administration's fiscal year 2016 budget cited the report in its request for $2 billion in administrative fees, an increase of $490 million from FY 2015.

The study found that while the average cost of administering the HCV program was $70.03 per voucher per month, the average fee received was $51.64 per voucher per month. Further, only two of the 60 PHAs in the study received enough administrative fee funding to cover their costs during the study period. HUD's current formula uses Fair Market Rents (FMRs) as a basis for the allocation of fees; however, the study found that FMRs have no documented connection to actual costs of administering the program. The study proposed changing the formula to account for real cost factors, including local wages, health insurance costs, program size, family characteristics and the extent to which voucher-assisted households live a substantial distance from the PHA's main office. Under the proposed new formula, 92 percent of the PHAs would receive increased administrative fee funding compared to the amount they received during 2013. Additionally, the fees would be updated annually, based on the formula variables and an inflation factor, to ensure that funding keeps pace with inflation and reflects current program characteristics.

For more information, visit HUD's Housing Choice Voucher Web page, http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about. NN

USDA Issues Guidance for CNA Process

The U.S. Department of Agriculture's Rural Development (RD) issued updated guidance for the Capital Needs Assessment (CNA) process in March.

The need for a CNA report arises from numerous property transactions and is intended to record the specific physical conditions of each multifamily housing property. A properly documented report will become the basis for the establishment of a reserve account to address the financing for the physical replacement and repair concerns that are projected to occur for the full duration of the CNA cycle. According to RD, by following the guidance of this letter there is a higher probability of acceptance of the application and a higher probability of successful performance of the property during the CNA cycle.

The document consist of 10 sections including references to CNA in 7 CFR Part 3560 and the RD MFH Handbooks; requirements and statement of work for a CNA; the CNA review process; definitions of terms related to the CAN process; guidance for Multifamily Housing (MFH) property owners regarding contracting for a CNA; and steps to revise or update a CNA, as well as numerous attachments. The complete letter can be found on NAHMA's website, under Agencies, on the USDA Rural Housing Issues page.

A designated RD CNA reviewer serving the area will review a CNA used by the agency. The property owner must obtain a CNA report from a third-party CNA provider.

The CNA reviewer will also review the cost of the CNA contract. If the CNA is funded by the property's reserve account, a minimum of two bids is required if the CNA service contract amount is estimated to exceed $3,500. If the contract is funded by another source, or will be under $3,500, a single bid is acceptable.

If the proposed agreement is acceptable, the reviewer will advise the appropriate RD servicing official, who will inform the owner. If the proposed agreement is unacceptable, the reviewer advises the owner and the CNA provider in writing and identifies actions necessary to make the proposed CNA submission acceptable to RD.

According to RD, by following the guidance of this letter there is a higher probability of acceptance of the application and a higher probability of successful performance of the property during the CNA cycle.

RD state offices maintain a directory of local CNA providers that can forward the information to the MFH property owner upon request at the time a CNA is being proposed. However, the property owner is not required to use a CNA provider from the directory. Property owners are advised to request an information package from several CNA providers and to evaluate the information before selecting a provider.

The proposed agreement with the property owner and CNA provider must meet RD's qualification requirements for both the provider and the CNA scope of work. RD should review the proposed agreement between the owner and the CNA provider, and concur only if all of the RD requirements and conditions are met.

RD has created a Power Point presentation that can be used to train staff, CNA providers or owners/managers on the CNA process. This presentation is posted at http://www.rurdev.usda.gov/rhs/mfh/MPR/MPRHome.htm. **NN**

Celebrating Community Spirit through Art

Judging will soon be completed for the 29th annual AHMA Drug-Free Kid poster and art contest, which is celebrating community spirit with its theme and subtheme, Our Hands Are United: Reach Out and Be a Good Neighbor. Entries were due to NAHMA June 1, after first being submitted to a local AHMA for consideration. The winning artwork will appear in NAHMA's 2016 Drug-Free Kids calendar.

The popular poster and art contest invites children, elderly/disabled and residents with special needs to create artwork and compete for prizes.

Typically, the contest draws more than 5,000 participants nationwide. Through the annual fall auction of the winning poster entries, the contest generates significant contributions to the NAHMA Educational Foundation's scholarship program and is a key source of support for NAHMA foundation scholars.

"It's always exciting to see the artwork generated by children as young as 5 and seniors who call our communities home," Kris Cook, NAHMA executive director, said. "We urge all of the AHMAs and their member companies to get their properties' residents to compete for the exciting prizes the contest affords."

All AHMA winning submissions are then forwarded to NAHMA, where a distinguished panel of judges selects the 13 winning entries that will appear inside the pages of the 2016 calendar.

CONTEST 101

The poster contest is open to children and elderly/disabled residents 55 years or older who live in a community of a NAHMA or a local AHMA member company, and residents with special needs who live in a permanent supportive housing community or Section 811 community of a NAHMA or a local AHMA member company.

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

The five grade categories for children are based on the grade the contes-

Do You Manage a Community of Quality?

NOW IS THE TIME TO START PREPARING SUBMISSIONS to the Communities of Quality (COQ) Awards Program, which honors outstanding affordable housing communities. The submission deadline to NAHMA is Nov. 6.

To enter the 2015 COQ Awards competition, a property must first apply for and achieve National Recognition as a NAHMA Community of Quality with a minimum score of 325 points on its National Recognition Application. The deadline for submitting an application to a local AHMA for consideration in the national program is Sept. 11.

"NAHMA believes it is essential that outstanding affordable properties—and the individuals who establish them—be publicly recognized for providing quality housing that offers a safe, healthy environment," said Ken Pagano, CPM, SHCM, NAHP-e, president of NAHMA. "All of our properties are more than bricks and mortar. They are communities supplying essential programs and services for their residents. These awards bring valuable well-deserved attention to the important work we are all doing."

NAHMA is pleased to announce that this year's COQ Awards program will be jointly sponsored by HD Supply Multifamily Solutions, a leading supplier of maintenance and renovation products to the multihousing industry, and Navigate Affordable Housing Partners, a leading provider of consulting and development services to public housing authorities and the HUD Section 8 Project-based contract administrator (PBCA) for Alabama, Mississippi, Virginia and Connecticut.

An overview of the COQ program, the National Recognition program and the awards' detailed application information and submission materials are available at the NAHMA website at http://www.nahma.org/awards-contests/communities-of-quality/.

The awards competition has five categories:

- **Exemplary Family Development**

tants have completed by June 2015: kindergarten-first grade, second-third grade, fourth-sixth grade, seventh-ninth grade and 10th-12th grade.

All AHMA winning submissions are then forwarded to NAHMA, where a distinguished panel of judges selects the 13 winning entries that will appear inside the pages of the 2016 calendar. One special entry will be selected as the grand prizewinner, which will appear on the cover. Only children are eligible for the top prize.

SHOW OFF YOUR ARTISTIC SIDE

The winners of each local contest receive various prizes from their AHMA.

Child winners of the NAHMA contest receive educational scholarships in the form of a $1,000 check awarded by the NAHMA Educational Foundation. The national contest's grand prizewinner, whose art will appear on the cover of the calendar, receives a $2,500 educational scholarship and a trip to Washington, D.C., where the child will be honored at the NAHMA fall meeting Oct. 25-27.

A $1,000 cash award will be made in the name of the elderly/disabled and special needs winner for the community to use in purchasing or funding a project from which all of the residents will benefit such as books for the library or appliances for a community room, garden bench or sculpture or other appropriate items. Winners will also be included in the 2016 calendar.

Children, elderly and residents with special needs in communities from across the nation who participate in the annual art contests held by regional and state AHMAs are eligible to be selected as Regional AHMA Art Contest Honorable Mentions. As such, they have the chance to have their artwork featured nationally in a special section of the NAHMA 2016 Drug-Free Kids calendar and receive a $100 check. These participants are in addition to those that will be selected as national winners.

Entries are judged on the artist's ability to create a submission with the Hands Are United: Reach Out and Be a Good Neighbor theme. Specifically judges consider the interpretation of the theme, originality, overall artistic ability and whether the submission will be able to be reproduced with reasonable quality and clarity.

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

As always, NAHMA looks forward to judging the artwork and presenting the prizes to the winners!

For complete rules or to see a list of past winners, visit http://www.nahma.org/awards-contests/calendar-contest/. **NN**

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

Award winners will be notified in early January 2016 and will receive their awards in a special ceremony at the NAHMA 2016 winter meeting in Washington, D.C.

The AHMAs will also be honoring their local NAHMA Communities of Quality program participants. Please check your local AHMA's program details; a directory of the AHMAs is available on the NAHMA website, at http://www.nahma.org/membership/ahma-directory/.

For more information, contact Paulette Washington at 703-683-8630, ext. 110 or pwashington@nahma.org.

NAHMA looks forward to judging numerous applications in every category from every AHMA. The time to start preparing applications is now! NN

Diversity Is Hallmark of 2015 Scholarship Applications

The 2015 pool of scholarship applicants has grown to approximately 200 resident/students from 27 different states and the District of Columbia. Fourteen different AHMAs from coast to coast are represented, but the diversity of this applicant group goes far beyond geography.

The community colleges, universities and trade schools attended run the gamut from Ivy League universities to highly specialized engineering and information technology trade schools. The courses of study for the applicants include education, business, engineering, history, premed, finance, marine biology, nursing, fine arts, music and liberal arts to name a few. The age of applicants range from 17 to 58 and a wide variety of ethnic and religious backgrounds are noted in the group's demographic makeup.

The age of applicants range from 17 to 58 and a wide variety of ethnic and religious backgrounds are noted in the group's demographic makeup.

"The foundation is thrilled with the broad cross section of applicants up for consideration in 2015. This speaks to the dynamic nature of the resident/student population in affordable apartment communities across the country. Again this year, the NAHMA Educational Foundation is proud to be making scholarship awards that will provide significant financial assistance to the students as they pursue their educational goals," Melissa Fish-Crane, the foundation's chairperson, recently noted.

This year's class of NAHMA scholars will be announced by the NAHMA Educational Foundation later in June at the annual NAHMA summer meeting being held in Las Vegas. Watch this space for the listing of the 2015 NAHMA scholars class in the next edition. **NN**

HUD HAS ISSUED GUIDANCE ON WHEN DAVIS-BACON WAGE requirements may apply to existing housing under the Section 8 Project-based Voucher program. On June 25, 2014, HUD published a final rule amending the regulations for HUD's Section 8 Project-based Voucher program; this notice supplements that final rule. The rule was published in the March 9 *Federal Register.*

IN MARCH, HUD RELEASED ITS FISCAL YEAR 2015 MEDIAN FAMILY INCOME estimates and FY 2015 income limits. The FY2015 Income Limits were published on March 6, 2015, and are effective immediately. The income limits can be found at http://www.huduser.org/portal/datasets/il.html.

HUD ISSUED A NOTICE ON REQUIRED ACTIONS FOR MULTIFAMILY HOUSING PROJECTS receiving failing scores from HUD's Real Estate Assessment Center (REAC) in February. HUD is required to take certain procedural steps when multifamily housing projects score 59 or less on the REAC physical inspection. The notice provides guidance to ensure compliance with these procedural steps. It can be found on the HUD Web page of the NAHMA website.

IN LATE MARCH, HUD ISSUED A NOTICE THAT ESTABLISHES ALTERNATE MAXIMUM, PER-UNIT SUBSIDY LIMITS for the HOME Investment Partnerships Program due to the discontinuation of the Section 221(d)(3) mortgage insurance program. HUD Field Office staff and HOME participating jurisdictions must follow this interim policy until HUD publishes a regulation, which establishes new maximum per unit subsidy limits for the HOME Program. Read the notice on the HUD Web page at www.nahma.org.

IN MARCH, THE FEDERAL HOUSING FINANCE AGENCY (FHFA) RELEASED A FINAL RULE ESTABLISHING certain requirements regarding Fannie Mae and Freddie Mac's contributions to the Housing Trust Fund. The Housing Trust Fund is an affordable housing production program intended to complement existing federal, state and local efforts to increase and preserve the supply of affordable housing for extremely low- and very low-income households. The fund was initially authorized by the Housing and Economic Recovery Act of 2008 (HERA), but contributions were suspended when FHFA took Fannie Mae and Freddie Mac into conservatorship during the height of the financial crisis. Beginning in 2015, the firms have been required to set aside an amount equal to .042 percent of the unpaid balance on each new single-family, multifamily or refinance loan they purchase. While FHFA oversees the contributions to the Housing Trust Fund, HUD will administer it. HUD published an interim rule in January establishing regulations that govern its administration and the allocation formula HUD will use to determine state grant amounts.

HUD ISSUED A NOTICE IN THE *FEDERAL REGISTER* THAT ESTABLISHES THE TERMS AND CONDITIONS by which it will approve a request for the transfer of project-based rental assistance, debt held or insured by the secretary of HUD, and statutorily required income-based use restrictions from one multifamily housing project to another or between several such projects. HUD believes that publication of the criteria will assist project owners to determine whether a transfer is feasible given the specific circumstances of their multifamily projects. The effective date of this notice was April 30. It can be found on the Agencies/HUD Issues page at www.nahma.org.

HUD ANNOUNCED IN MARCH THAT BINIAM GEBRE, THE ACTING COMMISSIONER OF THE FEDERAL HOUSING ADMINISTRATION (FHA) and acting assistant secretary for the Office of Housing, would leave his position with FHA April 7. Ed Golding, a senior advisor in HUD's Office of Policy and Development of Research and who has been deeply involved in the administration's housing finance reform policy development process, will replace Gebre as head of FHA. Golding will initially lead FHA and the Office of Housing as principal

continued on page 28

NAHMA PLANS RESPONSE TO VAWA

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) has formally issued its proposed rule regarding the implementation of the Violence Against Women Act (VAWA) Reauthorization of 2013. This proposed rule would amend HUD's regulations to fully implement the requirements of VAWA law as reauthorized in 2013. VAWA 2013 also expands protections to HUD programs beyond HUD's public housing and Section 8 programs, which were covered by the reauthorization of VAWA in 2005. In addition to proposing regulatory amendments to fully implement VAWA 2013, HUD is also publishing for public comment two documents concerning tenant protections required by VAWA 2013—a notice of occupancy rights and an emergency transfer plan.

Comments were due June 1. NAHMA's response to the proposed rule will be featured in the July/August edition of NAHMA News. The proposed rule is available on NAHMA's website under Agencies on the HUD Web page.

deputy assistant secretary. Before joining HUD, Golding worked at Freddie Mac for 23 years and served as a visiting fellow at the Urban Institute. Gebre will not be leaving HUD, but will instead become a senior advisor to HUD Deputy Secretary Nani Coloretti, who was confirmed in December.

NAHMA WAS ONE OF SEVERAL REAL ESTATE INDUSTRY ORGANIZATION TO SIGN A LETTER TO CONGRESS supporting the efforts to streamline rental assistance programs, known as H.R.233, "Tenant Income Verification Relief Act of 2015" introduced by Reps. Ed Perlmutter (D-CO) and Steve Stivers (R-OH).

HUD RELEASED THE INSTRUCTIONS FOR RENEWING PROJECT ASSISTANCE CONTRACTS (PACS) for fiscal year 2015. The instructions provide guidance to the field for processing PAC renewals for FY 2015. The expiring PACs may be renewed for a period of one year only. Headquarters sent the instructions to the field offices March 24. The instructions can be found on NAHMA's website.

AN APRIL *NAHMA ANALYSIS* THAT REVIEWS AFFORDABLE HOUSING LEGISLATION INTRODUCED IN THE 113TH CONGRESS is now available at NAHMA.org. During the 113th Congress, lawmakers in the Senate and House started work on several initiatives that would affect the management and funding of affordable housing. Some proposed legislation would have benefited the affordable housing industry, while other bills would have had a negative impact. Unfortunately, few initiatives were actually enacted due to partisan gridlock, sequestration and austere budget caps. This *NAHMA Analysis* breaks down the most substantial of these reform efforts and their status.

HUD ISSUED A NOTICE VIA THE *FEDERAL REGISTER* REGARDING AN INFLATION FACTOR to adjust FY 2015 renewal funding for the Tenant-based Rental Assistance Program or Housing Choice Voucher (HCV) Program of each Public Housing Agency (PHA). These Renewal Funding Inflation Factors incorporate economic indices to measure the expected change in per unit costs (PUC) for the HCV program. The methodology for FY 2015 is similar to that used in FY 2014. HUD began using Renewal Funding Inflation Factors in FY 2012. The notice appears in the April 20 issue of the *Federal Register.*

HUD'S OFFICE OF MULTIFAMILY HOUSING ISSUED A MEMORANDUM in April regarding Clarifications of Policy Surrounding Interest Rate Reductions (IRRs). Due to historically low interest rates, HUD has seen a significant increase in the number of mortgagors requesting a reduction in their mortgage loan's existing interest rate whose mortgage loans are not in default. The increase in IRR requests has resulted in some questions as to how the IRR process interacts with other policies and actions take on certain mortgages, particularly those under the Section 202 and 223(f) programs. The purpose of the memo was to address stakeholder feedback and to further clarify Multifamily Housing's procedures for the treatment of debt service savings as a result of IRRs in certain circumstances. Read the memo in its entirety on the NAHMA website.

HUD ANNOUNCED THE LAUNCH OF A NATIONAL SECTION 3 BUSINESS REGISTRY in March. The registry is a searchable online database that public housing authorities, state and local municipalities and contractors can use to find firms that are self-certified for preference under Section 3. Approximately 1,000 businesses have registered to date. Visit the registry at www.hud.gov/sec3biz. **NN**

EDUCATION CALENDAR

For information on specific classes being offered, 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 http://www.nahma.org/education/education-event-calendar/.

JULY

7
EIV Discrepancy Report Workshop
Washington, D.C.
Mid-Atlantic AHMA
804-673-4128
http://mid-atlanticahma.org

9
Fair Housing Course (FHC)
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

14
Advanced Issues in HUD Occupancy (ACPO)
Memphis, TN
SAHMA
800-745-4088
www.sahma.org

14-15
WV State Conference
Charleston, WV
Mid-Atlantic AHMA
804-673-4128
http://mid-atlanticahma.org

15-16
Tax Credit Training & Online SHCM
Memphis, TN
SAHMA
800-745-4088
www.sahma.org

18
Kids Day Event
Foxboro, MA
NEAHMA
781-380-4344
www.neahma.org

22
NEAHMA/ REM Summer Meeting
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

28
Basics of Farm Labor Occupancy/Practical Fair Housing in the 21st Century
Roseburg, OR
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

29
Practical Fair Housing in the 21st Century
Grants Pass, OR
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

30
Basic Electrical Repair for Multifamily Maintenance Techs/Dealing with Mold & Mildew in Multifamily Projects
Salem, OR
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

31
Avoiding Top Eligibility Errors in Affordable Housing
La Grande, OR
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

AUGUST

5
Effective Communication
Webinar
AHMA-NCH
(510) 452-2462
http://ahma-nch.org

11
Understanding REAC
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

17-19
2015 SAHMA Regional Conference for Affordable Housing
Atlanta, GA
SAHMA
800-745-4088
www.sahma.org

19
Basic Hands-On Plumbing
Stoughton, MA
NEAHMA
781-380-4344
www.neahma.org

19-20
SHCM 1 ½ Day Prep Course/ SHCM Exam
Connecticut
NEAHMA
781-380-4344
www.neahma.org

25
Practical Fair Housing in the 21st Century
Lincoln City, OR
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

26
Practical Fair Housing in the 21st Century
Salem, OR
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

26
COQ Submissions Due to NEAHMA
NEAHMA
781-380-4344
www.neahma.org

26
Basic Occupancy
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

28
Practical Fair Housing in the 21st Century
Redmond, OR
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

SEPTEMBER

9
LIHTC File Audit
Connecticut
NEAHMA
781-380-4344
www.neahma.org

10
Special Claims Workshop
Virginia Beach, VA
Mid-Atlantic AHMA
804-673-4128
http://mid-atlanticahma.org

14
Advanced Issues in HUD Occupancy (ACPO)
Charlotte, NC
SAHMA
800-745-4088
www.sahma.org

15
Fair Housing Compliance (FHC)
Charlotte, NC
SAHMA
800-745-4088
www.sahma.org

16
Fair Housing Course
Massachusetts
NEAHMA
781-380-4344
www.neahma.org

16-18
Certified Professional Occupancy (CPO)
Charlotte, NC
SAHMA
800-745-4088
www.sahma.org

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Senators Reintroduce LIHTC Legislation

ON MAY 5, SENS. MARIA CANTWELL (D-WA) and Pat Roberts (R-KS) reintroduced legislation to permanently establish a minimum 9 percent and 4 percent credit rate in the Low-Income Housing Tax Credit (LIHTC) program. This would eliminate the financial risk of the current floating rate system, simplify state administration and create stability for owners and investors of housing credit developments.

S.1193, Improving the Low-Income Housing Tax Credit Rate Act, was first introduced by Cantwell in the 113th Congress as S.1442. This bill was not passed despite strong bipartisan and industry support.

The 9 percent floor expired at the end of 2013 and it was only temporarily extended through the Tax Increase Prevention Act (H.R.5771). An establishment of the 4 percent minimum credit rate was not included in H.R.5771 and the extension of the 9 percent credit lasted only through the end of 2014.

Again, there is strong bipartisan support for permanently establishing a minimum 9 percent and 4 percent credit rate. Earlier this year, Reps. Pat Tiberi (R-OH) and Richard Neal (D-MA) introduced the same legislation in the House as H.R.1142.

However, lawmakers may still opt for comprehensive tax reform rather than piecemeal legislation such as S.1193 and H.R.1142. The Senate Finance Committee is still in the process of drafting tax reform legislation that will overhaul the U.S. tax code, including changes to the LIHTC.

NAHMA will continue to advocate for the passage of S.1193 and H.R.1142 and urges that any tax reform agreement must contain a permanent establishment of the minimum 9 percent and 4 percent credit rates. NN

EDUCATION CALENDAR, *continued from page 29*

17
½ Day Fair Housing On-Site Practices
Connecticut
NEAHMA
781-380-4344
www.neahma.org

22
Reasonable Accommodations/504 Coordinator
Massachusetts
NEAHMA
781-380-4344
www.neahma.org

22
RI Quarterly Meeting
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

23
NEAHMA Industry Award Submission Due
NEAHMA
781-380-4344
www.neahma.org

23
MA Quarterly Meeting
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

24
CT Quarterly Meeting
Connecticut
NEAHMA
781-380-4344
www.neahma.org

OCTOBER

7
EIV 101 Beginner
Massachusetts
NEAHMA
781-380-4344
www.neahma.org

8-9
PennDel AHMA Fall Management Conference & Expo
Wilmington, DE
PennDel AHMA
856-786-2183
www.penndelahma.org

13
Advanced CPO Training
Mt. Laurel, NJ
JAHMA
856-786-9590
www.jahma.org

14
EIV 201 Advanced
Massachusetts
NEAHMA
781-380-4344
www.neahma.org

14-15
Managing RD Compliance
Salem, OR
Oregon AHMA
503-357-7140
www.oregonaffordable housingmanagement.com

14-15
Tax Credit 1 1/2 day Prep Course/ SHCM Exam
Mt. Laurel, NJ
PennDel AHMA
856-786-2183
www.penndelahma.org

15-16
PAHMA Annual Conference and Trade Show
Seven Springs, PA
PAHMA
412-445-8357
www.pahma.org

20-21
NEAHMA Annual Conference & Trade Show
Massachusetts
NEAHMA
781-380-4344
www.neahma.org

26-28
CPO Exam
Denver, CO
Rocky AHMA
303-840-9803
www.rockyahma.org

NOVEMBER

17
Advanced HUD Occupancy
Massachusetts
NEAHMA
781-380-4344
www.neahma.org

17-19
Annual Regional Affordable Housing Management Conference
Richmond, VA
Mid-Atlantic AHMA
804-673-4128
http://mid-atlanticahma.org

19
Electrical Awareness and Safety
Massachusetts
NEAHMA
781-380-4344
www.neahma.org

Taking a Chance Pays Off

LIKE A LOT OF PEOPLE IN THE property management business, Noel Gill found himself in the affordable housing industry by chance. His job required a lot of travel and he got to a point where he just wanted to stay home. So in 1998, he accepted an administrative position in the compliance division of a for-profit property management company.

"I didn't know what I was getting myself into and didn't understand [the affordable housing industry]," Gill said.

While there, Gill met Brad Elg, who would go on to found the nonprofit Northwest Real Estate Capital Corp. in 1999 and convinced Gill to join him in the Idaho-based startup. Seventeen years later, Gill is executive vice president and the full-service company, which specializes in the property management and rehabilitation of Section 8, Rural Development and tax credit housing, owns or manages properties in Alaska, Idaho, Montana and Oregon, and is expanding into Nevada, Utah and Washington.

"I wanted to give back to our communities and give back to those who had a need … to create opportunities where people could become more self-sufficient," Gill said of his move to the nonprofit arena.

He said he was driven to join Elg because he saw the conditions of some of the properties people were calling home. Since 2003, Northwest has completed rehabilitation of 33 housing assistance payments properties. He said he finds working in the nonprofit affordable housing world worthwhile, especially since the company added fulltime resident services personnel.

"We're helping in the turnover. People move out of our properties because they have made a better life for themselves," Gill said. "Really, it is inspiring to me."

Besides assisting residents, Gill is driven to help the people who work in the affordable management industry. As president of the Idaho AHMA, he is focused on streamlining training and increasing online offerings to give more members easy access to the courses they need.

"We're a small AHMA and a big conference is overly difficult to get to and expensive," Gill said. "So we went to an every other year conference and have started Web-based training. I want to expand that training and make it more affordable."

His other goals for the AHMA include "bringing together all our affordable housing folks." To that end, Gill has worked to get more public housing authority personnel involved

with the board. Additionally, one of his pet projects is to work with the state legislators to create some sort of preservation funding mechanism for affordable housing. Gill said Idaho only has small grants and tax credits available for those who are seeking to rehabilitate properties.

"Some sister states like Oregon and Washington have a preservation fund that works well," Gill said. "Personally, developing a preservation funding mechanism in Idaho is a huge goal for me. We do a lot of projects where we face up to a $500,000 funding gap. As a small nonprofit, that's a lot to overcome."

Despite the challenges, Gill wouldn't want to be working in any other field. Though he does caution anyone thinking of entering the industry to make sure it is for the right reasons.

"Search yourself and understand why you want to do this. It's not just a job. Affordable housing is not among the highest paying jobs," Gill said. "If salary is most important to you, affordable housing is not for you. You have to have a lot of heart and want to help people better their lives."

When Gill isn't immersed in his work or the Idaho AHMA, he and his wife of 17 years like taking advantage of all the outdoor activities Idaho offers such as skiing, hiking and camping. **NN**

"If salary is most important to you, affordable housing is not for you. You have to have a lot of heart and want to help people better their lives."

NAHMANews

National Affordable Housing Management Association

400 North Columbus Street, Suite 203

Alexandria, VA 22314

www.NAHMA.org

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PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword

Don't Sit on the Sidelines

THE HOUSE OF REPRESENTATIVES' Appropriations Committee passed the fiscal year 2016 funding bill for transportation, housing and urban development, and the figures for the Department of Housing and Urban Development (HUD)'s affordable housing programs are well below the Obama administration's request. The Senate was expected to release its draft funding bill in late May, too late to be included in this edition of *NAHMA News*.

In particular, the House Appropriations Committee proposed funding earmarked at $10.27 billion for the entire Project-based Section 8 (PBS8) program without making clear how much of this would be for contract renewals. The proposal is below the administration's request of $10.54 billion *specifically* for PBS8 contract renewals and is far below HUD's previous estimates to renew all contracts upfront for a full 12 months.

Due to the transition of all PBS8 contracts to a calendar year funding model, HUD must fully fund each PBS8 contract on the same day, Jan. 1, for their full 12-month term. There is real concern that $10.27 billion will be insufficient to renew all PBS8 upfront and that the resulting funding shortfall could lead to major issues in the program such as mortgage defaults and residents losing their homes.

That is why we need you to contact your congressional representative and urge him or her to reject any appropriations measure that could cause defaults and resident dislocation in the PBS8 program. We believe that the true cost of the program is $12.4 billion dollars under the former funding model when contracts were funded on their anniversary date, which includes an accruing shortfall that increases each fiscal year when HUD receives insufficient funding for PBS8 and must short-fund contracts. However, the current fiscal challenges faced by Congress cannot accommodate such an increase. As a result, it is important members urge lawmakers that under no circumstance can the funding for PBS8 contract renewals fall below $10.8 billion in FY 2016 under the calendar year model.

Not sure the best way you can help? NAHMA has a Grassroots Toolkit available on its website, www.nahma.org, which provides easy-to-use tools for participating in grassroots advocacy including frequently asked questions, best practice, tips for congressional visits, legislative priorities and talking points and, in partnership with Congressional Management Foundation (CMF), short how-to videos ranging from building relationships to strategies for influencing undecided lawmakers.

A CMF survey found that grassroots advocacy by constituents—especially in-person visits and personal contact from constituents or their agents—holds more sway over an undecided congressional representative than lobbyists, form letters or news editorials.

So call, write, post to the representative's social media or better yet, invite your representative, or his or her staff, to your property to see for himself how important it is to fully support affordable housing programs. **NN**

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