NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

NAHMANews

May June 2017

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

Government Stays Open—For Now

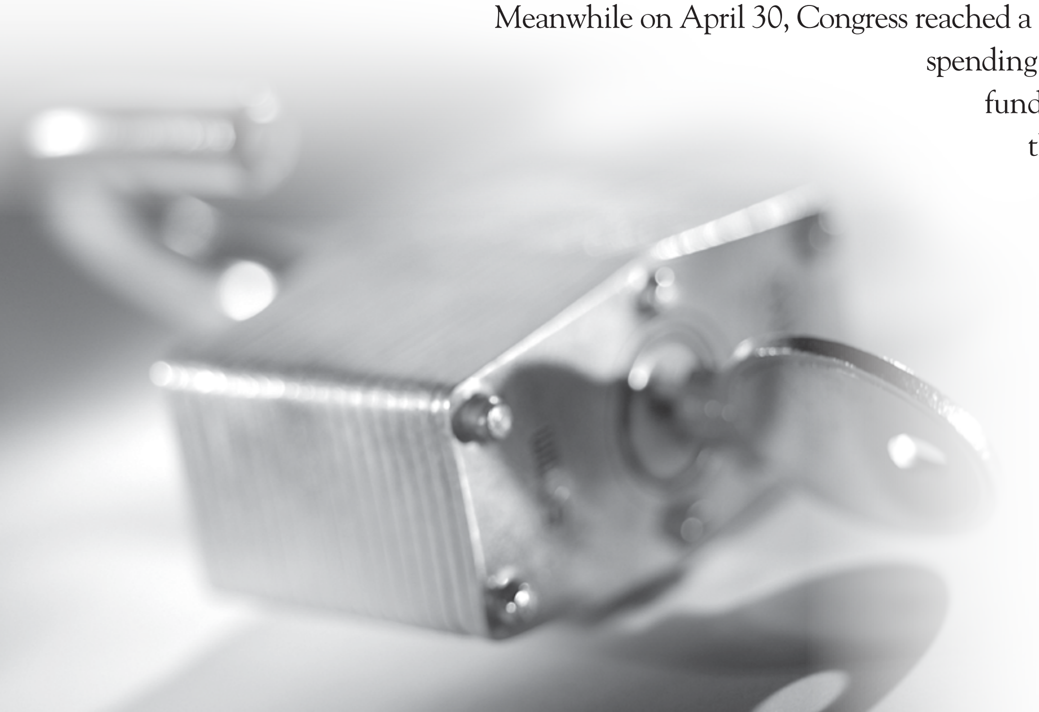
As April ended, Congress agreed to a plan to keep the government running until the end of the current fiscal year (FY), which is Sept. 30. This comes on the heels of the Trump administration's release of its FY 2018 budget outline titled, "America First: A Budget Blueprint to Make America Great Again" in March. The so-called budget blueprint provided funding recommendations; however, it did not provide the specific funding levels and policy proposals for most programs. A complete FY 2018 budget request was released May 22 and includes policy specifics and detailed proposals.

In the blueprint's opening message, President Donald Trump said, "the core of my first budget blueprint is the rebuilding of our nation's military without adding to our federal deficit. There is a $54 billion increase in defense spending in 2018 that is offset by targeted reductions elsewhere. This defense funding is vital to rebuilding and preparing our Armed Forces for the future."

Given the increase in defense spending, the administration proposed deep cuts to programs administered by the Department of Housing and Urban Development (HUD) and other federal agencies.

Meanwhile on April 30, Congress reached a $1 trillion deal on a final FY 2017 spending package, called an omnibus bill, to fund the federal government through the end of this fiscal year. Trump signed the omnibus bill days later.

An omnibus groups together smaller bills into one large piece of legislation that limits floor debate and allows the bill to be accepted in a single vote.



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inside nahma

BY KRIS COOK, CAE

Proving Affordable = Quality

THE COMMUNITIES OF QUALITY (COQ) National Recognition Program is just one of the ways NAHMA and its members are changing the perception of affordable housing. By using a series of third-party inspections and reporting, communities certify that they meet stringent standards in physical maintenance, financial management, programs and services, employee credentials and other criteria. Even then, only the best of the best qualify to call themselves a COQ property.

In a new, recently launched effort to highlight this hard work and dedication to excellence, NAHMA is rolling out digital smart badges for its COQ Corporate Partners and their nationally recognized properties. To learn more about the smart badges program, see page 24.

Property managers or owners of affordable multifamily rental housing in the U.S. can apply for COQ National Recognition at any time during the year. Applicants' properties receive scores for physical inspections, employee credentials, financial management, programs and services, endorsements and photographs and reports. Applicants must score a minimum of 225 points to receive COQ certification or 200 points for properties with 49 units or less. Properties that score more than 325 points are automatically eligible to compete in NAHMA's annual Communities of Quality Awards competition, see page 26 for more information.

The COQ national recognition program, originally funded through a Fannie Mae Foundation grant, sets national standards that take an objective look at what makes an excellent multifamily affordable housing community using such independent, verifiable measuring sticks as Real Estate Assessment Center scores, Department of Housing and Urban Development reports, third-party inspections, employee development and resident enrichment services.

Earning COQ recognition has many benefits, not just to the management company responsible for the property, but for the staff and residents as well. The program also helps dispel the myths surrounding affordable housing for elected officials and the public.

COQ program recognition is a great marketing tool for management companies, allowing them to showcase their expertise and their outstanding performance in maintaining the highest standards in the properties they manage. Additionally, it illustrates the hard work put in by the on-site personnel and volunteer boards while projecting professionalism.

The COQ program also helps residents feel more secure and even proud to be living in a community that has earned the designation. Moreover, the recognition also creates some bragging rights.

Another benefit of the recognition program, and one of the impetuses for its creation, was to establish creditability, especially when lobbying elected officials on the importance of funding affordable housing programs. By assigning verifiable quantitative value to what makes up a quality community, NAHMA can provide affordable housing data by state, county, congressional district and ZIP code through its NAHMA Maps feature on its website. Additionally, NAHMA maintains a database of COQ properties on its website. **NN**

Kris Cook, CAE, is executive director of NAHMA.

As stated by the Senate Appropriations Committee, "the FY 2017 omnibus appropriations legislation is a package of 11 regular appropriations bills for FY 2017, as well as funding in response to the Trump administration's request for additional appropriations for national defense and border security. Funding is also included for disaster and famine relief, and to permanently extend health care benefits for certain miners."

The omnibus bill passed with bipartisan support by a vote of 309-118 in the House and 79-18 in the Senate. A *NAHMAnalysis* examining the funding levels for HUD and U.S. Department of Agriculture (USDA) affordable housing programs in the FY 2017 omnibus as well as a *NAHMAnalysis* on the administration's proposed FY 2018 budget, are available in the Members Only section of www.nahma.org.

President Donald Trump said, "There is a $54 billion increase in defense spending in 2018 that is offset by targeted reductions elsewhere. This defense funding is vital to rebuilding and preparing our Armed Forces for the future." Given the increase in defense spending, the administration proposed deep cuts to programs administered by the Department of Housing and Urban Development (HUD) and other federal agencies.

APPROPRIATIONS FOR HUD PROGRAMS

The FY 2017 omnibus provides $20.3 billion for Tenant-Based Rental Assistance, $18.4 billion of which is to renew previous vouchers. The increases will help add more vouchers to residents for specific purposes, including $40 million for Veterans Affairs Supportive Housing (VASH); $7 million for Tribal HUD-VASH renewals; $10 million to support new Family Unification Program vouchers; and $120 million for Section 811 mainstream vouchers.

It also provides the needed increase in funding for the Project-Based Rental Assistance (PBRA) program. Funding for the PBRA program is $10.8 billion, which represents a $196 million increase over the FY 2016 level. Furthermore, the bill provides an advance appropriation of $400 million, and "allows the HUD secretary to use project funds held in residual receipt accounts, unobligated balances, including recaptures and carry-over for program activities." The omnibus provides $235 million for PBCA oversight and continues to permit private owners of PBRA properties to make Family Self-Sufficiency programs available to residents.

The Section 202, Housing for the Elderly program, receives $502 million in the omnibus. Of this total amount, $75 million is reserved for service coordinators. The omnibus also allows an additional $10 million "for new capital advances and project-based rental assistance contracts, or for new senior preservation rental assistance contracts."

NAHMA is encouraged that Congress is providing additional funding for new construction. However, the proposal to allow Section 202 properties with Project Rental Assistance Contracts to convert to PBRA under the Rental Assistance Demonstration (RAD) was not included. While disappointed, NAHMA will continue to support and advocate for this policy proposal in FY 2018.

The Section 811, Housing for Persons with Disabilities program, saw a slight decrease from $150 million to $146 million.

The funding for the HOME Investment Partnerships program will remain at $950 million and the Community Development Block Grant (CDBG) program at $3 billion. However, this amount is in stark contrast to the Trump administration's FY 2018 budget proposal, which eliminates both programs. NAHMA will continue to advocate for HOME and CDBG funding in FY 2018.

In addition to funding, the omnibus also provides a four-year suspension of the 24-month funding commitment deadline under the HOME program. This commitment deadline had led to funding being lost, as communities and program participants could not meet the two-year deadline.

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Budget Request for HUD Programs

Program	FY 2017 (Current)	FY 2016 (Last Year)	FY 2018 (Proposed)
Tenant-Based Rental Assistance	$20,292	$19,628	$19,443
Contract Renewals	$18,355	$17,682	$17,584
Project-Based Rental Assistance	$10,816	$10,622	$10,751
Contract Renewals	$10,416	$10,407	$10,466
Contract Administrators	$235	$215	$285
Housing for the Elderly (Sec. 202)	$502	$432	$510
Service Coordinators	$75	$77	$90
Supportive Housing for Persons with Disabilities (Sec. 811)	$146	$150	$121
Community Development Grant	$3,000	$3,000	*
HOME	$950	$950	*

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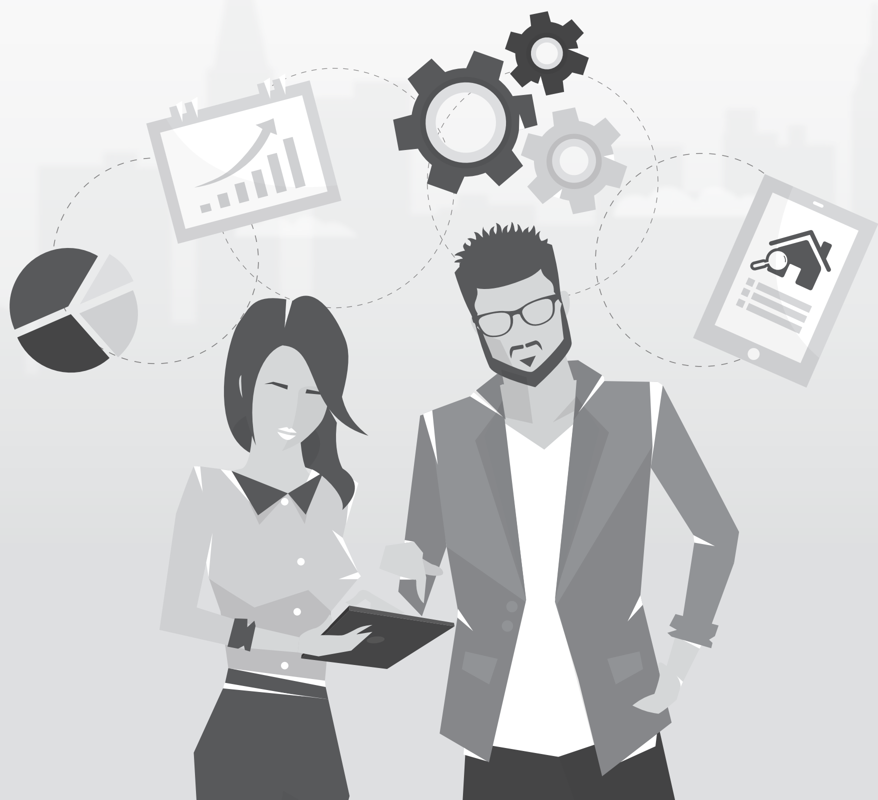

PHYSICAL INSPECTIONS

The omnibus requires HUD to take action against property owners that do not maintain decent, safe and sanitary properties. This is similar to legislation introduced by Sen. Marco Rubio (R-FL) in response to concerns with alleged substandard conditions at properties in his state. According to the bill, the HUD secretary is authorized to replace the property's management agent with one approved by HUD, impose civil monetary penalties, change HUD's contract with the property owner until the program is resolved, transfer the property or contract to a new owner, and relocate residents, among other actions. The omnibus shortens the time given to a property owner to respond to a violation as well as the time given to the secretary to develop an enforcement plan. Under the amendment, an owner is given 15 days to respond to deficiencies found after a Uniform Physical Condition Standards (UPCS) inspection. If the violations remain, the HUD secretary is required to develop a Compliance, Disposition and Enforcement Plan within 30 days of the UPCS inspection results and provide the owner with a Notice of Default with a specified timetable, determined by the secretary, for correcting all deficiencies.

> The omnibus also directs "the Government Accountability Office (GAO) to assess the effectiveness of the Departmental Enforcement Center (DEC) to meet the goal of resolving issues of noncompliance with requirements for owners of public housing and multifamily housing properties, including physical and financial noncompliance."

The omnibus also directs "the Government Accountability Office (GAO) to assess the effectiveness of the Departmental Enforcement Center to meet the goal of resolving issues of noncompliance with requirements for owners of public housing and multifamily housing properties, including physical and financial noncompliance. GAO is further directed to report its findings to the House and Senate committees on Appropriations within 180 days of enactment of this act."

Additionally, the omnibus directs HUD "to submit to the House and Senate committees on Appropriations within 90 days of enactment of this bill a report on Real Estate Assessment Center (REAC) inspections of all HUD assisted and/or insured properties. This report shall include:

- The percentage of all inspected properties that received a REAC inspected score of less than 65 since calendar year 2013;
- The number of properties in which the most recent REAC inspected score represented a decline relative to the previous REAC score;
- A list of the 10 metropolitan statistical areas with the lowest average REAC inspected scores for all inspected properties; and
- A list of the 10 states with the lowest average REAC inspected scores for all inspected properties.

The GAO is directed to report to the House and Senate committees on Appropriations within 180 days of enactment of this act on REAC. This evaluation shall assess the effectiveness of: REAC inspections of HUD assisted and or insured properties; HUD's selection and oversight of contractors that perform physical inspections; the property selection process; and enforcement mechanisms."

NAHMA expects HUD to issue guidance on these changes to physical inspections immediately.

LEAD-BASED PAINT AND HEALTHY HOMES

The FY 2017 omnibus provides $145 million for the lead hazard control and healthy homes programs. It "no longer directs HUD to implement a lead inspection standard in assisted housing that is more stringent than the current visual inspection standard. The omnibus also directs the GAO to report to the House and Senate committees on Appropriations within one year of the date of enactment of this act on:

- The effectiveness of federal programs for addressing lead-based paint hazards in dwellings;
- Current partnerships between public housing agencies (including state housing finance agencies) and public health agencies to address lead-based paint hazards, and determine whether those partnerships could be replicated and enhanced through improved data collection, analysis and dissemination among stakeholders;
- Gaps in compliance and enforcement of HUD's lead-based paint regulations;
- Opportunities for improving coordination and leveraging of public and private funds in order to reduce the federal costs associated with identifying and remediating lead-based paint hazards;
- The effectiveness and efficiency of existing HUD protocols for identifying and addressing lead-based paint hazards, and determine whether those protocols are aligned with accepted environmental health practices to ensure the best and appropriate health outcomes and to reduce further exposure; and
- HUD's process for assessing risks of lead-based paint hazards during initial and periodic inspections in dwellings occupied by households assisted under the Section 8 Housing Choice Voucher program and the impact, if any, on landlord participation and the availability of affordable housing."

NAHMA expects health and housing, particularly lead abatement, to be a major focus of HUD under the leadership of Secretary Ben Carson.

OTHER NOTABLE HOUSING PROVISIONS

For the RAD Program, the cap on units that may convert under the program is increased from 185,000 to 225,000 units and the program's sunset date is extended to 2020.

The omnibus "prohibits the use of funds to direct a grantee to undertake specific changes to existing zoning laws as a result of the final rule entitled, Affirmatively Furthering Fair Housing or the notice entitled, Affirmatively Furthering Fair Housing Assessment Tool."

The omnibus extends the sunset date for the United States Interagency Council on Homelessness until Oct. 1, 2018.

APPROPRIATIONS FOR RURAL DEVELOPMENT PROGRAMS

Like the Transportation, Housing and Urban Development and Related Agencies funding, the omnibus provides sufficient funding for Agriculture, Rural Development (RD), Food and Drug Administration and Related Agencies appropriations.

The omnibus provides a slight increase, to $1.4 million, for the Section 521 Rental Assistance (RA) program and does not contain any language that would prevent an RA contract from being renewed within its one-year term. It directs USDA to provide "a detailed analysis of the accuracy of the project-based forecasting tool used to estimate rental assistance needs" within 120 days after the bill was passed.

Along with the funding issues that have plagued RD in recent years, lawmakers are now paying more attention to the impending number of Section 515 properties that are reaching their mortgage maturity date. Under the omnibus, the Section 515 will see a slight funding increase to $35 million, and it directs USDA to "study effective means" to transfer the 515 properties exiting the program due to mortgage maturity to qualified nonprofit organizations to preserve the properties in the Rural Housing Service (RHS) multifamily program.

The omnibus appropriates $1 million for technical assistance "to facilitate the acquisition of RHS multifamily housing properties in areas where the secretary determines a risk of loss of affordable housing." NAHMA supports the funding increases for Section 515 and the regulatory efforts to preserve properties in the portfolio.

The FY 2017 omnibus provides an overall increase for the Multifamily Preservation and Revitalization Program, holding the preservation demonstration at last year's funding level of $22 million while the $4 million increase is entirely directed at Rural Housing Vouchers for a total of $19 million. The omnibus does not extend the voucher program to cover properties where mortgages matured, but it does require USDA to continue helping nonprofits and public housing authorities to preserve rental properties.

OUTLOOK FOR FISCAL YEAR 2018

Overall, the funding for affordable housing programs for the remainder of FY 2017 is positive. The prospects of major funding cuts and a government shutdown were avoided, at least until the end of September. However, the delayed funding has presented many challenges, such as delayed contract renewals and inadequate funding for service coordinators.

Now, attention must be directed to the next fiscal year and protecting funding again.

The Trump administration's budget proposal calls for an increase of 10 percent for defense spending. That increase would come from cuts to 19 government agencies including the departments responsible for affordable housing programs.

The USDA would see a 21 percent decrease, or $4.7 billion less compared to 2017. Among the cuts, the blueprint calls for unspecified staff reductions at USDA service center agencies and reduces funding for the Rural Business and Cooperative Service.

The budget proposes a 13 percent cut, equaling a $40.7 billion reduction, for HUD and eliminates funding for the Community Development Block Grant program, the HOME Investment Partnerships Program and the Choice Neighborhoods Program.

It includes a 4 percent reduction for the Treasury Department including eliminating grants for the Community Development Financial Institutions Fund, which provides financial services in economically distressed neighborhoods.

NAHMA expects disagreements over domestic and defense funding will likely prevent Congress from passing FY 2018 appropriations bills by the end of the fiscal year on Sept. 30. This impasse will likely lead to Congress extending the current spending levels into the next fiscal year. The gridlock could potentially lead to a government showdown at the end of September, as Trump tweeted recently; he believes the U.S. may need a "good shutdown to achieve the spending cuts and border wall funding" he is seeking. Congress rejected funding for the border wall and spending cuts in the FY 2017 omnibus. This scenario could result in a yearlong continuing resolution that keeps the spending levels of April's FY 2017 omnibus in place until October 2018. NAHMA will keep members updated on the FY 2018 funding process. **NN**

Budget Request for Rural Housing Programs

Program	FY 2017 (Current)	FY 2016 (Last Year)	FY 2018 (Proposed)
Section 521 Rental Assistance	$1,405	$1,389	$1,345
Section 515	$35	$28.40	$20
Multifamily Revitalization	$41	$37	*
Preservation Demonstration	$22	$22	*
Rural Housing Vouchers	$19	$15	$20
Section 538 Loan Level	$230	$150	$250

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Together we'll go far

BY LARRY KEYS JR.

State of Play: Affordable Housing In the First 100 Days

MORE THAN 100 DAYS INTO THE 115th Congress and President Donald Trump's administration, it is safe to say the people have changed, but the habits sure have not. We still have funding battles that will likely continue. Debate on other key priorities, like tax reform, has barely begun. Some progress has been made, but the summer months will likely bring a lot of heat to the industry. Here are few notable updates that affect the affordable housing industry.

FUNDING BATTLES

After months of delay and seven months into the fiscal year, Congress finally reached a $1 trillion deal on a final spending package for fiscal year (FY) 2017. Called an "omnibus bill," the 11 regular spending bills were passed in conjunction with additional appropriations for national defense, border security, disaster and famine relief, and coal miners' health benefits, to fund the federal government through the end of FY 2017 (Sept. 30). The bipartisan omnibus passed the House by a vote of 309-118 and the Senate by 79-18, and it was signed into law by the president on May 5. Overall, the funding for affordable housing programs in FY 2017 is positive.

Now, our attention must go directly to the next fiscal year and protecting funding for FY 2018, which begins Oct. 1, 2017. NAHMA will oppose deep cuts to affordable housing programs, as they were proposed in the Trump administration's FY 2018 budget proposal.

TAX REFORM AND THE TAX CREDIT

On April 26, the Trump administration released a one-page proposal outlining its high-level principles for tax reform. The plan calls for reducing the corporate tax rate from 35 to 15 percent and calls for the elimination of tax breaks for unspecified "special interests." As with the budget, any tax plan will require congressional authorization and will likely face an uphill battle in Congress. NAHMA is monitoring tax reform for potential impacts on the Low-Income Housing Tax Credit (LIHTC).

To date, the LIHTC has seen positive Congressional action. In March, Rep. Pat Tiberi (R-OH) and Ways and Means Committee Ranking Member Richard Neal (D-MA) introduced the Affordable Housing Credit Improvement Act (H.R.1661). This bipartisan legislation aims to expand and strengthen LIHTC by giving states more flexibility, simplifying financing and preserving existing affordable housing.

Specifically, the legislation increases the housing credit's ability to serve extremely low-income residents using income averaging and makes permanent the 4 percent rate for bond-financed units. However, unlike the Senate version recently introduced by Sen. Maria Cantwell (D-WA) and Senate Finance Committee Chairman Orrin Hatch (R-UT), the House legislation excludes the 50 percent credit allocation increase, intended to be phased-in over five years. NAHMA and our industry colleagues continue to advocate for this vital legislation and will work hard to ensure that LIHTC is a part of any overall tax reform.

AGENCY LEADERSHIP TAKES SHAPE

After months of delay, former Georgia Gov. Sonny Perdue was sworn in as Secretary of Agriculture in late April. Purdue, who was endorsed by the six previous USDA secretaries, was confirmed by an 87 to 11 vote. The administration has not put forward nominees for key vacancies for Rural Development and Rural Housing positions.

On April 28, the White House announced that Pam Patenaude has been nominated to serve as HUD deputy secretary. Currently the president of the J. Ronald Terwilliger Foundation for Housing America's Families, Patenaude previously served as HUD Deputy Secretary for Community Planning and Development under the George W. Bush administration, where she managed disaster recovery funds for the Gulf Coast rebuilding efforts. She also served as HUD's White House liaison during the Ronald Reagan administration. In addition to past HUD experience, she also administered the Section 8 rental assistance program at the New Hampshire Housing Finance Authority.

In the private sector, Patenaude directed the Bipartisan Policy Center's Housing Commission and served as executive vice president of the Urban Land Institute before joining the Terwilliger Foundation. Patenaude was reportedly considered by the Trump administration for the secretary position before Ben Carson's nomination.

The confirmation process, funding battles, and tax reform are expected to dominate the next few months. The administration is also expected to release its proposed infrastructure plan, in which housing is supposed to be included. NAHMA will keep up the fight for affordable housing on all fronts and we encourage members to stay engaged. **NN**

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

BY DAVID BLACK

Preservation of LIHTC Properties: Year 15 Considerations

THE FEDERAL LOW-INCOME HOUSING Tax Credit (LIHTC) program promotes public-private partnerships[1] that create affordable rental housing. The program uses federal tax credits to attract private equity to qualified affordable housing projects. Since the program's inception in 1986, banks have been significant investors in LIHTCs.

The program has been successful in developing new affordable rental housing, with more than 2.7 million affordable housing units placed into service.[2] Rents must be affordable to households earning 60 percent or less of area median income.

Housing financed with LIHTCs has time limitations on the rental affordability restrictions. Initially, the program mandated rent restrictions for 15 years. But in 1989, just three years after the program's inception, Congress introduced several measures to improve the efficiency of LIHTCs. Among these, the program was made permanent in 1994, and awarding credit allocations became a competitive process. Another key change added 15 years to the existing 15-year compliance period (the additional 15 years is known as the "extended-use period"). As a result, properties placed in service after 1990 are generally required to remain affordable for at least 30 years.[3]

During the compliance period, limited partner (LP) investors generally receive 10 years of annual allocations of federal tax credits provided the properties are rented to income-qualified tenants at affordable rents and meet federal property quality guidelines. Failure to comply with program guidelines can result in recapture of previously claimed credits. The tax benefits of the credits and related losses are the investor's principal economic benefit from the investment. After the 15-year compliance period, the tax credits are exhausted and previously claimed tax credits may no longer be recaptured, although owners may still be sued for not following the terms outlined in the regulatory agreements. At this time or sooner, investors may choose to exit their interest in the properties, usually by selling or transferring the LP's interest to the general partner (GP) or by selling the property to a third party.

This transfer of ownership after year 15 creates two critical challenges to the property operating and remaining affordable through the extended-use period. First, the property owner must have the managerial and financial resources to effectively maintain and manage the property over the remaining years of rent restrictions. The viability of the property can be compromised by excessive debt, or if reserves or other financing are not in place to meet growing capital requirements as the property ages.

Second, the property owner can choose whether to preserve the property as affordable housing once the rent restrictions expire after year 30 or later, depending on the state's use restriction agreement requirements. Community needs and strategies are important components of the decision whether to maintain affordable housing. For example, rapidly gentrifying areas may have a critical need to preserve rent-restricted units. In other cases, affordability restrictions may run counter to community development strategies of income diversification.

The market for rental housing may also affect this preservation decision. Where there is little difference between market and restricted rents, there may be little need to maintain mandated rent restrictions. Where significant differences between market and restricted rents exist, however, there may be substantial community benefits in the units remaining rent restricted. This community benefit objective may conflict with the interests of the property owner, who may gain considerable financial benefits by converting the units to market rate.

More than 1 million LIHTC-financed affordable units will reach the end of their year 15 compliance period by 2020.[4] Earlier research by the U.S. Department of Housing and Urban Development (HUD) on year 15 transfers indicated few problems in the process.[5] More recently, however, affordable housing advocates have raised concerns that, in some cases, profit-taking at transfer has threatened the long-term affordability of LIHTC properties and public support for the LIHTC program. Advocates were concerned about projects being stripped of operating reserves,[6] affordable housing developers being unable to compete with financially motivated investors when properties were placed for sale,[7] and property owners financially benefiting from rental assistance contracts that exceed allowable LIHTC rents,[8] a practice that could potentially erode public support for the LIHTC program.

FEW PROPERTIES CONVERT TO MARKET RATE BEFORE YEAR 30

During the compliance period, the LP investor receives tax benefits from its investments when the properties are leased to income-qualified tenants at affordable rents. The staff of state housing credit allocating agencies (HCAA) oversees compliance with LIHTC program requirements and reports noncompliance to the Internal Revenue Service (IRS). Failure to comply with program regulations may result in the recapture of some or all previously allocated credits.

A land use restriction agreement (LURA) is required on all LIHTC properties. A LURA is a binding agreement between the property owner and the HCAA to limit the use of the property to affordable housing through the extended-use period, and includes certain income qualifications and rent restrictions. The LURA may contain additional requirements, such as the provision of supportive services or units targeted to specific populations (e.g., the elderly or people with special needs). The LURA is binding on all successor owners of the property, except under the exceptions described below, and is enforceable under state law. In addition, many LIHTC properties have soft debt from public sources as part of their financing package that may also carry affordability restrictions and reporting requirements.

During the extended-use period, the economic benefits of LIHTC properties come from the properties themselves, rather than the LIHTCs. The HCAA carries out its compliance responsibilities by reviewing annual reports and conducting periodic site inspections. Compliance violations are no longer reported to the IRS. The properties may be sold at a price established by the buyer and seller, although, depending on state requirements, the sale may require HCA approval.

LIHTC regulations provide for two exceptions to the extended-use requirement. First, if LIHTC properties are acquired by a valid, arms-length foreclosure, the extended-use period terminates on the date of acquisition. Few LIHTC properties, however, enter into foreclosure.[9] Second, completing the qualified contract (QC) process allows property owners to discontinue the affordability restrictions.[10] The property owner starts the process with a request to the HCA to find a buyer to make a bona fide offer for a price determined by a statutory formula. If a buyer makes such an offer,[11] the extended-use requirements remain in effect. If the HCA is unable to find a buyer within one year of the request, the LURA can be terminated.

Under both exceptions, for a period of three years, the owner may not terminate existing tenancies without good cause or raise rents by more than what would be allowed under the program rules.

In 1989, just three years after the program's inception, Congress introduced several measures to improve the efficiency of LIHTCs. Among these, the program was made permanent in 1994, and awarding credit allocations became a competitive process.

TYPES OF TRANSFERS

An investor can exit a LIHTC project in several ways.[12] The method of exit depends on several factors, including the agreement the investor has with its partners, applicable laws and regulations, tax and other financial issues, and relationship and reputation issues.

The most common exit involves the sale of a property or the transfer of a partnership interest.[13] When a property is sold, the partnership is dissolved and the LP, the GP, or both exit the transaction. The HCAA and other lenders holding debt on the property need to approve the sale, depending on the agreements in the partnership documents. In the transfer of a partnership interest, the underlying business remains intact. In many LIHTC transactions, the GP purchases the LP interest at the end of the compliance period. The nature of this transaction, including the parameters for establishing a purchase price, is typically delineated in the partnership agreement.

Qualified nonprofit organizations, government agencies, tenants, and certain tenant organizations may negotiate a right of first refusal (ROFR) to purchase the LIHTC property for all outstanding debt and any tax liabilities generated as a result of the transaction.

The LP investor may sell its interest in the project to the GP through a put option, usually for a nominal price (e.g., $1,000). The put option is negotiated up front and included in the partnership agreement.

Finally, the LP investor may donate all or a portion of its partnership interest to a nonprofit entity, usually the GP. The donor may take a charitable contri-

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bution tax deduction on the donation.

If the property needs extensive rehabilitation, the rehabilitation work may be financed through the property owner obtaining new LIHTCs. Resyndication of the property with a new allocation of LIHTCs requires rehabilitation costs of at least approximately $6,000 per unit.[14] Some HCAs require rehabilitation expenditures that significantly exceed this federal minimum. LP investors usually require higher rehabilitation thresholds.

The least common type of exit is conversion of the affordable property to market-rate rentals or condominiums. There are two paths to this type of conversion. A tenant or tenant organization may purchase a property through the ROFR process, and at some predetermined time the tenant will have the option to buy the unit. Alternatively, a property owner or investor that is unable to find a new buyer for its property with the extended-use restrictions may pursue the QC process previously described.

BALANCING FINANCIAL AND COMMUNITY BENEFITS

According to industry experts, banks have accounted for approximately 85 percent of the equity raised using LIHTCs.[15] This equity has allowed the properties to be developed and leased at affordable rents.

While banks have been invaluable as investors, they have done much more to make the LIHTC program a success. Financial institutions have also been valuable partners in providing debt financing and facilitating the high levels of performance achieved by LIHTC-financed properties. This leadership has been critical.

In all exits, banks need to balance financial and community concerns. As investors, banks may view making legitimate claims on partnership assets as part of their fiduciary responsibility. As business partners, banks may want to consider the impact of various exit strategies on long-term business and community relationships. And as participants in public-private partnerships designed to meet public goals, banks may want to consider the impact of their exit on the preservation of the affordable housing asset. **NN**

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ENDNOTES:

1 The World Bank defines a public-private partnership as "a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance." https://ppp.worldbank.org/public-private-partnership/overview/what-are-public-private-partnerships.

2 U.S. Department of Housing and Urban Development, "Data Sets: Low-Income Housing Tax Credits," https://www.huduser.gov/portal/datasets/lihtc.html.

3 Certain exceptions are discussed in a later section. Some housing credit allocating agencies require longer commitments, and some property owners pledge affordability for longer periods.

4 HUD, Office of Policy Development and Research, "What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?," August 2012.

5 Ibid.

6 Halliday, Toby, "Squeezing the Housing Credit at Both Ends," Bipartisan Policy Center, March 11, 2014.

7 See "Preserving America's Affordable Rental Housing: The Role of the Nation's Banks" in this edition of *Community Developments Investments.*

8 According to the California Tax Credit Allocation Committee (CTCAC), the concern is that the property owner is receiving value not as a result of its own performance but as a result of the policy decisions made by a public agency. Rather than the value being taken out at sale, the CTCAC felt the value should remain with the project and be available to finance rehabilitation needs. See the CTCAC memo "Proposed Regulation Changes With Initial Statement of Reasons," July 16, 2015, www.treasurer.ca.gov/ctcac/programreg/2015/20150715/proposed_regs.pdf. Commentators to the proposed regulatory change noted that the so-called Section 8 "overhang," when the project-based rental assistance contract rents exceed LIHTC rents, is often used to finance supportive services for tenants. This proposed regulatory change was not finalized.

9 CohnReznick, "The Low-Income Housing Tax Credit at Year 30: A Focus on Recent Property Performance (2013-2014)," December 2015, https://www.cohnreznick.com/insights/low-income-housing-study-year-30.

10 Many property owners give up the ability to request a QC when submitting their application for LIHTC allocations.

11 There is no requirement for the sale to actually happen. Treas. Reg. section 1.42-18(a)(1)(iii).

12 For a more extensive description of different types of transfers, please see the *Novogradac LIHTC Year 15 Handbook*, Novogradac & Company, 2015.

13 HUD, Office of Policy Development and Research, "What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?," August 2012.

14 The threshold is inflation adjusted.

15 CohnReznick, *The Community Reinvestment Act and Its Effect on Housing Tax Credit Pricing,* May 2013.

Tax Reform on Congressional Horizon

After initially stalling with health care reform, Congress and the White House pivoted to other major policy initiatives. President Donald Trump's administration is refocusing domestic policy to address government funding challenges, reduce the federal budget deficit, invest in infrastructure and reform the tax code. This recent emphasis on tax reform could represent a threat to, as well as an opportunity for, the Low-Income Housing Tax Credit (LIHTC)—which is responsible for the vast majority of affordable housing developments built each year—and other tax incentives for housing and neighborhood revitalization.

Although it is hard to predict when tax reform will occur, it is critical that housing credits be preserved as part of any legislative action taken during this year's busy congressional schedule.

A *NAHMAnalysis* that reviews recent activities surrounding the housing credit is available in the Members Only section of the website.

HOUSING CREDITS AND TAX REFORM

As the premier tool to incentivize private investment in affordable housing development, the LIHTC program has leveraged billions in private dollars across every state since its creation 30 years ago. As a result, the program continues to enjoy staunch bipartisan support. However, turbulent political times have brought uncertainty to the investment market. Given the current fractured political climate, targeted tax cuts may be more feasible than a comprehensive reform of the nation's tax code, leaving tax expenditures such as LIHTC vulnerable to elimination. There are some on the Hill that believe overhauling the tax code could prove harder to accomplish than replacing the health care law and any overhaul will require significant time to accomplish. The uncertainty of tax reform is already negatively affecting LIHTC deals.

IMPROVING HOUSING AND NEIGHBORHOOD INVESTMENTS

Despite the success of the LIHTC and other housing assistance programs, the housing unaffordability crisis has deepened over recent years. According to the Harvard Joint Center for Housing Studies, rents have increased faster than the median income while the overall number of renters rose sharply, resulting in a mixture of constrained supply and increased demand that has left more than 11 million Americans facing extreme housing unaffordability. Legislative efforts to expand and strengthen the LITHC program, coupled with tax incentives to increase private investment in distressed communities and in the broader affordable housing market, seek to address some of the unaffordability challenges.

In recent years, several bipartisan senators and representatives have sponsored legislation to overhaul the housing credit program and improve its effectiveness. In addition, a number of neighborhood revitalization incentives and other housing tax credit proposals have gained traction. Building on the success of enacting a permanent 9 percent credit rate for LIHTC developments in December 2015, these efforts have generated more bipartisan support for affordable housing tax incentives and paved the way for legislation to gain momentum early in this 115th Congress.

AFFORDABLE HOUSING CREDIT IMPROVEMENT ACT (S.548 /H.R.1661)

In March, Sens. Maria Cantwell (D-WA) and Orrin Hatch (R-UT) and Reps. Pat Tiberi (R-OH) and Richard Neal (D-MA) reintroduced versions of the Affordable Housing Credit Improvement Act of 2017, which gained significant bipartisan support last year.

This year's comprehensive Senate legislation seeks to expand the LIHTC program, particularly for the very low-income and for Difficult Development Areas (DDA), such as rural and Native American communities. In addition, both the House and Senate bills strengthen the LIHTC program by making permanent the 4 percent rate for bond-financed units and by giving states more flexibility to maximize credit efficiency.

Overall, the bills seek to improve the housing credit program through what can be summarized as three reform categories: expanding housing access, streamlining LIHTC policies and preserving existing LIHTC developments:

Expanding Housing Access through Economic Feasibility

- Expand the housing credit by 50 percent over 10 years (differing provisions in Senate and House bills)
- Repeal the Qualified Census Tract population cap to expand the credit to more areas
- Increase credits for extremely low-income residents and permit income averaging
- Limit voucher payments in certain developments to spread credits to more families
- Increase DDA cap and expand housing for rural and Native American communities (new provisions in this year's legislation)

Streamlining, Updating and Clarifying LIHTC Policies

- Prohibit local approval and contribution requirements
- Clarify state authority to define community revitalization plan
- Standardize income eligibility for rural properties and bond-financed developments
- Align the housing credit student rule with the HUD student rule

- Create compatibility between housing and energy tax incentives (differing provisions in Senate and House bills)
- Clarify the ability to claim housing credits after casualty losses
- Rename LIHTC to the Affordable Housing Tax Credit to reduce stigma

Preserving Existing LIHTC Developments

- Provide flexibility for existing residents' income eligibility
- Establish a permanent minimum 4 percent housing credit rate
- Modify rights related to building purchase and nonprofit sponsors
- Modify the "10-Year Rule" to support preservation
- Include relocation expenses in rehabilitation expenditures
- Ensure affordability restrictions endure during planned foreclosures (new provisions in this year's legislation). Separately, Sen. Richard Blumenthal (D-CT) and Rep. Keith Ellison (D-MN) introduced the Permanently Protecting Tenants at Foreclosure Act of 2017 (S.325/H.R.915), which proposes similar provisions.

In her recent report, Meeting the Challenges of the Growing Affordable Housing Crisis, Sen. Cantwell estimates that the Cantwell/Hatch bill would help create or preserve approximately 1.3 million affordable units over a 10-year period, which would be an increase of 400,000 more units than is possible under the current program's parameters. The House version of the bill, however, omits the proposed phased-in credit cap increase that would expand LIHTC by 50 percent over 10 years, potentially diminishing the returns of the reform.

NAHMA continues to strongly support the efforts of Sens. Cantwell and Hatch and Reps. Tiberi and Neal to improve the LIHTC; the bills have gained 15 co-sponsors in the Senate and 22 in the House.

HOUSING FOR HOMELESS STUDENTS ACT OF 2017 (S.434/H.R.1145)

In mid-February, Reps. Ellison (D-MN) and Erik Paulsen (R-MN) and Sens. Al Franken (D-MN) and Rob Portman (R-OH) introduced legislation that in the past has complemented the Affordable Housing Credit Improvement Act. The identical House and Senate bills, the Housing for Homeless Students Act of 2017, amend the IRS housing credit guidelines to qualify low-income building units that provide housing for homeless children, youth and veterans who are full-time students. In order to become eligible for LIHTC, the building units' student residents must have been homeless during any portion of the preceding seven years for children and youth, or five years for veterans. Additionally, Sens. Portman (R-OH) and Dianne Feinstein (D-CA) and Reps. Steve Stivers (R-OH) and Dave Loebsack (D-IA) introduced the Homeless Children and Youth Act (S.611/H.R.1511), which expands access to homelessness assistance programs and alleviates confusion by standardizing definition of homelessness across agencies.

INVESTING IN OPPORTUNITY ACT (S.293/H.R.828)

In an effort to encourage investment in economically distressed areas, a group of bipartisan legislators is breaking from the tax credit avenue to instead call for a tax deferment on capital gains reinvested in certain so-called opportunity zones. The legislation, the Investing in Opportunity Act, was introduced in early February by Sens. Cory Booker (D-NJ) and Tim Scott (R-SC) and Reps. Tiberi (R-OH) and Ron Kind (D-WI) and has gained significant bipartisan support in both chambers.

According to the Economic Innovation Group's Distressed Communities Index, more than 50 million Americans live in distressed communities that continue to struggle with economic recovery. Under the bill, state governors could designate parts of census-defined low-income areas as opportunity zones eligible for tax-deferred investment. The bipartisan legislation encourages pooled resources and mitigated risk, thereby increasing the scale of investments and the likelihood of success in underserved areas. In addition, the capital gains tax on long-term investments would be subject to a modest decrease or exemption, rewarding "patient capital" and further improving the odds of neighborhood "turn-around."

OTHER NOTABLE LEGISLATION

Middle-Income Housing Tax Credit Act of 2016 (S.3384)

Sen. Ron Wyden's (D-OR) Middle-Income Housing Tax Credit Act, which was introduced in 2016, is based on the existing LIHTC program, but applies a tax credit for the development of housing for middle-income households—100 percent or less of the area median income. The bill seeks to prevent middle-income households from slipping into poverty due to rising housing costs, while also aiming to relieve pressure on lower-income housing markets by expanding options for moderate incomes. The credits, allocated to states based on population, would be converted to low-income credits if unused.

Common Sense Housing Investment Act (H.R.948)

Rep. Ellison's (D-MN) Common Sense Housing Investment Act replaces the mortgage interest deduction (MID) with a 15 percent tax credit on interest paid on up to $500,000 of a mortgage on a primary and secondary residence. Savings from the restructured MID would be funneled into the Housing Trust Fund and into an expansion of LIHTC. Similar legislation has enjoyed Democratic support in previous years. **NN**

2017 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 (2016 rank shown in parentheses)		HEADQUARTERS	TOTAL NUMBER OF UNITS	
			SUBSIDIZED[1]	RESIDENTIAL[2]
1	**WinnCompanies (1)***	**Boston, MA**	**53,550**	**100,669**
2	**Pinnacle Property Management Services (8)**	**Addison, TX**	**38,059**	**165,000**
3	FPI Property Management (2)	Folsom, CA	36,717	103,839
4	**LEDIC Realty Company (3)***	**Memphis, TN**	**32,679**	**37,558**
5	**The Michaels Organization (5)***	**Marlton, NJ**	**32,016**	**49,950**
6	**The John Stewart Company (6)**	**San Francisco, CA**	**28,488**	**31,410**
7	**McCormack Baron Management, Inc. (9)**	**Saint Louis, MO**	**28,421**	**33,276**
8	**Edgewood Management Corporation (7)***	**Gaithersburg, MD**	**26,174**	**31,293**
9	**Capstone Real Estate Services, Inc. (10)**	**Austin, TX**	**23,192**	**35,721**
10	**Dominium (13)***	**Plymouth, MN**	**22,743**	**25,054**
11	**Mercy Housing, Inc. (52)***	**Denver, CO**	**22,224**	**22,255**
12	**National Church Residences (11)***	**Columbus, OH**	**21,690**	**22,826**
13	KMG Prestige, Inc. (12)	Mt. Pleasant, MI	20,496	23,108
14	**Volunteers of America (14)***	**Alexandria, VA**	**19,262**	**19,262**
15	**Millennia Housing Management, Ltd. (19)**	**Valley View, OH**	**19,042**	**20,899**
16	Related Management (4)	New York, NY	18,282	48,787
17	**ConAm Management Corporation (78)***	**San Diego, CA**	**18,278**	**51,530**
18	**Royal American Management, Inc. (15)***	**Panama City, FL**	**18,274**	**20,797**
19	**Alpha-Barnes Real Estate Services, LLC (18)**	**Dallas, TX**	**17,782**	**18,844**
20	**Richman Property Services, Inc.**	**Tampa, FL**	**17,050**	**20,198**
21	U.S. Residential Group, LLC (16)	Dallas, TX	15,452	42,928
22	Grenadier Realty Group Corporation (17)	Brooklyn, NY	15,257	22,000
23	**Multifamily Management Services, LLC (23)***	**Suffern, NY**	**14,610**	**29,691**
24	**UAH-Mayfair Property Management Group (113)**	**Dallas, TX**	**13,931**	**15,495**
25	The Cornerstone Group (20)	Hollywood, FL	13,590	13,693
26	**Retirement Housing Foundation (22)**	**Long Beach, CA**	**13,425**	**17,445**
27	Pedcor Management Corporation (24)	Carmel, IN	13,275	16,745
28	**The NRP Group, LLC (34)**	**Cleveland, OH**	**13,244**	**19,882**
29	**Conifer Realty, LLC (21)**	**Rochester, NY**	**13,158**	**14,293**
30	**Reliant Realty Services, LLC (26)***	**New York, NY**	**13,002**	**13,002**
31	**Boyd Management (27)**	**Columbia, SC**	**12,553**	**12,977**
32	**MACO Management Co., Inc. (104)**	**Clarkton, MO**	**12,091**	**12,159**
33	Lincoln Property Company (28)	Dallas, TX	11,500	184,167
34	**Cambridge Management, Inc. (38)**	**Tacoma, WA**	**11,380**	**11,680**
35	**Gene B. Glick Company (29)***	**Indianapolis, IN**	**11,310**	**19,431**
36	USA Properties Fund, Inc. (30)	Roseville, CA	11,026	11,026
37	The Hallmark Companies, Inc. (39)	Atlanta, GA	11,000	11,368
38	**Wallick Communities (37)***	**Reynoldsburg, OH**	**10,919**	**11,800**
39	**SPM, LLC (31)***	**Birmingham, AL**	**10,561**	**16,720**
40	**Partnership Property Management (35)***	**Greensboro, NC**	**10,238**	**10,333**
41	**Woda Management & Real Estate, LLC (61)**	**Westerville, OH**	**9,972**	**10,129**
42	**TM Associates Management, Inc. (36)***	**Rockville, MD**	**9,968**	**10,016**
43	**Gateway Management Company, LLC (89)**	**Birmingham, AL**	**9,511**	**10,777**
44	**Herman & Kittle Properties, Inc.**	**Indianapolis, IN**	**9,425**	**13,008**
45	**The Habitat Company**	**Chicago, IL**	**9,412**	**22,007**
46	**Preservation Management, Inc. (43)***	**South Portland, ME**	**9,137**	**9,137**
47	**Beacon Communities (59)***	**Boston, MA**	**8,929**	**12,023**
48	**Seldin Company (51)***	**Omaha, NE**	**8,928**	**18,329**
49	**EAH Housing (54)**	**San Rafael, CA**	**8,917**	**8,917**
50	**Preservation of Affordable Housing (POAH) (46)**	**Boston, MA**	**8,870**	**8,987**

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

2017 NAHMA AFFORDABLE 100

RANK / MANAGEMENT COMPANY (2016 rank shown in parentheses)		HEADQUARTERS	TOTAL NUMBER OF UNITS SUBSIDIZED[1]	RESIDENTIAL[2]
51	**Maloney Properties, Inc. (64)***	**Wellesley, MA**	**8,866**	**9,000**
52	**The Community Builders, Inc. (40)***	**Boston, MA**	**8,813**	**9,696**
53	**Yarco Company, Inc. (42)**	**Kansas City, MO**	**8,759**	**10,162**
54	**American Apartment Management Co., Inc. (44)***	**Knoxville, TN**	**8,750**	**9,255**
55	**Peabody Properties, Inc. (50)***	**Braintree, MA**	**8,701**	**11,003**
56	Greystar (48)	Charleston, SC	8,700	415,634
57	Barker Management, Inc. (49)	Anaheim, CA	8,691	9,270
58	**NDC Real Estate Management, Inc. (53)**	**Pittsburgh, PA**	**8,612**	**11,457**
59	**Capital Realty Group (106)***	**Spring Valley, NY**	**8,583**	**8,583**
60	**Eden Housing**	**Hayward, CA**	**8,524**	**8,524**
61	**RLJ Management Co., Inc. (57)**	**Columbus, OH**	**8,456**	**8,688**
62	**J & A Inc.**	**Corinth, MS**	**8,390**	**8,390**
63	**Community Management Corporation (47)***	**Winston-Salem, NC**	**8,241**	**8,501**
64	**Ambling Management Company (33)***	**Greenville, SC**	**8,176**	**10,823**
65	**WRH Realty Services, Inc. (55)***	**Jacksonville, FL**	**8,008**	**15,798**
66	**Solari Enterprises, Inc. (66)***	**Orange, CA**	**7,936**	**7,975**
67	**Pennrose Management Company (56)**	**Philadelphia, PA**	**7,875**	**8,096**
68	**Professional Property Management, LLC (32)**	**Rockford, IL**	**7,784**	**7,784**
69	Forest City Residential Group, Inc. (45)	Cleveland, OH	7,763	39,178
70	Aimco (60)*	Denver, CO	7,758	47,100
71	**SHP Management Corp. (58)***	**Cumberland Foreside, ME**	**7,587**	**7,587**
72	BSR Trust, LLC (63)	Little Rock, AR	7,400	19,500
73	**Community Realty Management (65)***	**Pleasantville, NJ**	**7,330**	**8,796**
74	**LHP Management, LLC (41)***	**Knoxville, TN**	**7,265**	**7,265**
75	**HallKeen Management (74)***	**Norwood, MA**	**7,158**	**9,502**
76	**Housing Management Resources, Inc. (68)***	**North Quincy, MA**	**6,886**	**7,231**
77	National Community Renaissance (69)*	Rancho Cucamonga, CA	6,861	7,458
78	Winterwood, Inc. (70)*	Lexington, KY	6,845	7,686
79	**Vesta Corporation (83)***	**Weatogue, CT**	**6,828**	**7,522**
80	**Residential One, LLC (75)**	**Columbia, MD**	**6,808**	**7,480**
81	FOURMIDABLE National Real Estate Management (71)	Bingham Farms, MI	6,803	8,242
82	RY Management Co., Inc. (72)	New York, NY	6,750	8,000
83	MidPen Property Management Corporation (73)	Foster City, CA	6,705	6,705
84	**Alco Management, Inc. (82)***	**Memphis, TN**	**6,449**	**7,278**
85	**AWI Management Corporation (81)**	**Auburn, CA**	**6,381**	**6,382**
86	**GK Management Co., Inc. (76)**	**Culver City, CA**	**6,349**	**15,183**
87	Steadfast Management Company (77)	Irvine, CA	6,300	36,686
88	The Integral Group (79)	Atlanta, GA	6,100	6,800
89	**CSI Support & Development Services (80)***	**Warren, MI**	**6,058**	**6,058**
90	**Community Housing Partners, Corporation***	**Richmond, VA**	**5,914**	**6,020**
91	**Fairfield Residential**	**San Diego, CA**	**5,855**	**48,162**
92	**Trinity Management, LLC (85)***	**Boston, MA**	**5,388**	**6,184**
93	**Allied Residential (101)**	**Renton, WA**	**5,324**	**7,724**
94	**Drucker & Falk (105)**	**Raleigh, NC**	**5,185**	**28,009**
95	**Standard Enterprises (92)**	**Monroe, LA**	**5,147**	**5,419**
96	**TESCO Properties, Inc. (88)***	**Germantown, TN**	**5,055**	**6,313**
97	Cohen-Esrey Real Estate Services, LLC (91)	Overland, TX	5,022	7,592
98	Lenzy Hayes Incorporated/Hayes-Gibson International (119)	Bloomington, IN	5,000	7,000
99	**Allied Orion Group (25)**	**Houston, TX**	**4,761**	**21,847**
100	Alpha Property Management (95)	Los Angeles, CA	4,700	4,700

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, 2016. 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).

NAHMA would like to extend its sincere thanks to the NAHMA Affordable 100 Task Force, without whose hard work and support this survey would not be possible. In particular, sincere appreciation goes to task force chair Rue Fox, ResMan Software and vice chair Julie Reynolds, Navigate Affordable Housing Partners; Evelyn Arias, RealPage Inc.; Boone Atkins, Yardi Systems; Mike Coco, Choice Property Resources Inc.; Daniel Gaddis, MultiFamily Energy Savings; Janel Ganim, Entrata; David Layfield, ApartmentSmart.com; Kris Panks, Yardi Systems; Gustavo Sapiurka, RealPage Inc.; Bill Sullivan, IPM Software; John Yang, Rental Housing Deals.com Inc.; and Sarah Upchurch, RealPage Inc.

If you believe your company should be included in next year's survey, please contact Jennifer Jones, jjones@nahma.org.

NAHMA Endorses Senior Housing Campaign

NAHMA has endorsed a new senior housing campaign called Service-Enriched Affordable Living (SEAL), a proposal put forth by the Campaign for Healthy Aging Through Housing, a LeadingAge initiative for improved federal and state responses to the pressing needs of the country's low-income seniors.

The proposal, first published in October 2016, is based on the recognition of quality housing as a social determinant of health, the shortage of affordable senior housing and the imminent growth of the senior population. It sets forth four action items, including the creation of a funding mechanism called SEAL.

PRESERVE EXISTING AFFORDABLE SENIOR HOUSING

Preserving existing, federally subsidized housing is critical. It has been proven that preserving current housing stock is much more economical than replacing affordable housing lost to market-rate conversion or to deterioration.

Congress and the Department of Housing and Urban Development (HUD) have yet to provide tools to preserve properties assisted with Project Rental Assistance Contracts (PRACs). The nation's 122,000 Section 202 Supportive Housing for the Elderly units with PRACs need tools to ensure they can be preserved into the future. The average annual income of a Section 202 household is $13,300. According to the campaign, without their subsidized homes, these seniors are at great risk of becoming homeless or of joining the millions of seniors who must choose between paying for food, health care or housing. Preserving these PRAC-assisted homes also protects the billions of dollars the nation has invested in their development and operation thus far.

According to the campaign, to preserve communities with PRACs, project sponsors need:

- Eligibility for PRACs under an expanded Rental Assistance Demonstration program, which would allow PRAC properties to leverage new financing for preservation;
- Improved PRAC budgeting processes to provide adequate funding of reserve for replacement accounts and access to residual receipts accounts to offset repair needs;
- Funding for Section 202 Emergency Capital Repairs to address critical repair needs;
- Funding for the existing Service Coordinator program, as well as pursuance of Centers for Medicare and Medicaid Services (CMS) funding for services where seniors live.

In addition to the Section 202 program, much of the nation's assisted, affordable housing stock serves low-income seniors. According to the campaign, of the nation's 1.2 million units of project-based rental assistance, 46 percent are senior units. Project-based rental assistance also acts as the rental subsidy for 204,000 of the nation's apartments constructed through the Section 202 program. Of the nation's 1.1 million public housing units, 31 percent are senior units. Of the nation's 533,000 USDA Rural Housing Service Section 515 multifamily units, more than half serve seniors and persons with disabilities. These homes, as well as funding for Housing Choice Vouchers, must be preserved to ensure the supply of affordable housing.

INCREASE THE SUPPLY OF SERVICE-ENRICHED AFFORDABLE SENIOR HOUSING

According to the Urban Institute, 7 million seniors have incomes less than 125 percent of the poverty level—about $14,363; these households on average pay 74 percent of their incomes, or $10,629, for their housing each year. Seniors are forced to choose between food, medicine or housing costs. The campaign calls for the expansion of the supply of affordable senior housing in ways that provide access to enriched services, which will improve the lives of seniors and save public resources. Even after two years of economic recovery, the proportion of very low-income senior households paying more than half of their incomes for rent remained unchanged at 37.2 percent between 2011 and 2013. The nation is not only unprepared to meet its current needs, but also those of the near future, when each decade will bring millions of new seniors with decreased financial resources to housing markets.

According to the campaign, to address the housing and services needs of low-income seniors, providers need:

- A new funding mechanism to be created called the Service-Enriched Affordable Living (SEAL) program, administered by HUD. SEAL will provide a leveraging source of construction resources to nonprofit sponsors for the development of affordable housing to very low-income seniors. In addition to providing a share of capital funding, SEAL funds would include project-based rental assistance and

The average annual income of a Section 202 household is $13,300. According to the campaign, without their subsidized homes, these seniors are at great risk of becoming homeless or of joining the millions of seniors who must choose between paying for food, health care or housing.

enriched services financing.

- Set-asides of each state's Low-Income Housing Tax Credit (LIHTC) allocation for seniors proportionate to the state's overall need for affordable housing.
- Financing from CMS of proven housing plus services models in new federally assisted senior housing.

PERMANENTLY FUND SERVICES

According to LeadingAge, housing plus services models lead to smarter spending, increased access to care and better outcomes. One way to ensure service-enriched affordable housing is to provide a basis boost for service-enriched housing within the LIHTC program.

CMS must lead the effort to finance service-enriched supports, building upon the affordable housing platform, such as:

- Determining the feasibility of authorizing Medicare contributions to multi-payer pools to fund services;
- Evaluating whether the Medicare Advantage concept can be adapted to cover low-income seniors in congregate housing and low-income neighborhoods;
- Inclusion of proven housing based service models as a review criterion for CMS demonstrations, Medicaid waivers and other grants and pilots.

EXPAND PROJECT-BASED AND TENANT-BASED SUBSIDIES

Additional rental assistance is needed to bridge the gap between what low-income seniors can afford to pay toward housing costs—30 percent of their adjusted gross income—and what it costs to operate and maintain homes. Project- and tenant-based rental assistance are critical.

Traditional project-based rental assistance must be provided jointly with service-enriched affordable living funds, according to the campaign. This will ensure affordability for seniors and the long-term preservation of the homes as affordable for generations to come.

Similar to special purpose vouchers for other particularly vulnerable populations, such as the highly successful Veterans Affairs Supportive Housing voucher program, the campaign calls for special purpose vouchers for senior households. Vouchers are a key tool to aid America's aging homeless population, and recently enacted improvements to the project-basing of vouchers can make senior vouchers a key tool to make otherwise unaffordable homes affordable. **NN**

Industry Requests Floodplain Regulations Rollback

A coalition of eight leading industry associations, including NAHMA, has asked the Department of Housing and Urban Development (HUD) to rollback floodplain regulations.

In a March letter to HUD Secretary Ben Carson, the coalition expressed concerns regarding HUD's proposed rule, Floodplain Management and Protection of Wetlands; Minimum Property Standards for Flood Hazard Exposure; Building to the Federal Flood Risk Management Standard.

The letter states, "The proposal unnecessarily increases the cost of constructing new multifamily rental and single-family housing, inappropriately burdens the private sector and jeopardizes housing opportunities for low- and moderate-income families. For these reasons, we respectfully request that HUD withdraw this proposed rule."

HUD published the proposal to expand its floodplain management oversight in the Oct. 28 *Federal Register*. The proposal is a response to then President Barack Obama's Climate Action Plan, which resulted in Executive Order 13690 and the Federal Flood Risk Management Standard (FFRMS). According to the proposed rule, single-family homes purchased with Federal Housing Administration (FHA) mortgage insurance would have to be elevated an additional 2 feet when they are built or substantially improved within the 100-year floodplain. According to the letter, multifamily builders would face the added burden of the new elevation requirement when using FHA mortgage insurance for new construction or substantial rehabilitation projects both within the 100-year floodplain and in a horizontally expanded FFRMS floodplain area for which maps do not exist. Additionally the letter states, HUD's new flood risk measures would also apply additional elevation and flood-proofing requirements to projects that use federal grants, such as the HOME Investment Partnerships and Community Development Block Grant programs.

The coalition says HUD's proposal will increase construction costs and project delays for single-family homes targeted for purchase using FHA programs intended to serve low- to moderate-income buyers. The additional elevation and flood-proofing requirements for multifamily properties using FHA mortgage insurance and/or HUD grant programs could make many projects infeasible due to increased construction costs and the inability to offset these costs through higher rents, according to the letter.

> "The proposal unnecessarily increases the cost of constructing new multifamily rental and single-family housing, inappropriately burdens the private sector and jeopardizes housing opportunities for low- and moderate-income families. For these reasons, we respectfully request that HUD withdraw this proposed rule."

The letter points out that neither HUD nor the Federal Emergency Management Agency (FEMA) has proposed new floodplain maps to identify HUD's FFRMS floodplain definition in the proposed rule. "Due in part to federal, state and local regulations related to construction, loan approval and occupancy within floodplains, multifamily builders and developers pay particularly close attention to the floodplain area when considering whether or not to purchase property, develop lots, build homes or remodel existing homes. However, the federal government will provide no assistance to determine where the new FFRMS floodplain lies, as FEMA currently does with the 100-year floodplain maps," according to the letter.

As a result, multifamily builders and developers will be required to expend their own resources to determine the scope of the FFRMS floodplain to know whether they must comply with the elevation requirements even before they have determined whether to purchase the land. Additionally, the proposal is inconsistent with FEMA regulations under the National Flood Insurance Program. According to the letter, it creates unnecessary flood mitigation requirements beyond those established by FEMA.

There are numerous other flaws with the proposed rule, according to the letter. For instance, the proposal lacks a grandfathering provision for projects in the pipeline and will generate unforeseen expenses and delays for single-family and multifamily projects already underway. Additionally, it exceeds the intent of executive order by failing to limit expanded floodplain requirements only to "federally funded projects."

"Homebuyers and renters along with single-family and multifamily builders rely on HUD mortgage insurance programs and grants to ensure access to safe and affordable housing nationwide. Regulatory changes that threaten the availability of such assistance, as the proposed rule sets forth, have the potential to significantly burden private sector multifamily builders' and developers' while at the same time, jeopardizing affordable housing opportunities for countless families living in areas designated under the expanded yet unmapped floodplain definition.

For these reasons, we strongly urge HUD to withdraw the proposed rule in its entirety," the letter states. **NN**

Work Begins On Strategic Plan

Since the NAHMA board of directors approved the association's new strategic plan for 2017-2021 in February, the association's staff and member volunteers have jumped in to meeting the objectives designed to fulfill NAHMA's mission.

The plan was developed at a retreat in the beginning of the year. It is divided into three goals area: advocacy; education, training and credentials; and strategic foresight. Each area has three to four objectives. The plan was introduced at NAHMA's annual March meeting. Members can read the entire plan at https://www.nahma.org/wp-content/uploads/2014/04/2017-2021-NAHMA-Strategic-Plan_FINAL.pdf.

To meet the advocacy goal calling for the association to define where NAHMA and the affordable housing management community stands on emerging issues, and mobilize the message at the right time, using facts, funding and utilizing more personalized stories, the NAHMA government affairs department has reached out to the membership seeking feedback on developing new regulatory priorities for the Trump administration.

The association would like to build on past regulatory streamlining efforts, including the work done by NAHMA's Alternative Futures Working Group (AFWG), which examined "multifamily housing policy ideas which could result in program efficiencies, cost savings and greater public assurance that assistance programs are directed to qualified households."

The aim is to continue this work by examining ideas to reduce regulatory burden in the affordable housing programs in Department of Housing and Urban Development (HUD), U.S. Department of Agriculture-Rural Housing Services (USDA-RHS) and the Low-Income Housing Tax Credit (LIHTC). A new task force under the Regulatory Affairs Committee will be convened to vet all policy ideas and provide feedback on ideas submitted.

Another goal of the strategic plan is to increase the level of knowledge of members of Congress and their staff, as well as regulatory agency staff, regarding the importance of affordable rental housing to communities, and how they can work with the affordable housing management community to provide safe, quality affordable housing in the most effective and efficient manner. To fulfill this objective, staff has been meeting with HUD's new leadership.

The association's education department is working to convene a task force that will consider new and emerging possible areas for coursework or credentials, such as for public housing authorities working with the Rental Assistance Demonstration (RAD) program. The effort is to meet an objective of the Education, Training and Credentials goal area.

Another key area of the plan is the Strategic Foresight goal, which envisions widespread participation and support by AHMAs, NAHMA members and leadership.

This includes building and utilizing a network of well-connected volunteer subject matter experts to regularly collect and share the latest information on new or emerging activities in key arenas of interest within the affordable housing industry, such as developments in Congress or in federal agencies, with colleague groups, state and local governments, and the media.

Volunteers are encouraged to contact staff when new data are available on an emerging activity, and the NAHMA board will monitor information collected and decide either to stay in "listening" mode or to take action on an emerging issue. All those interested in volunteering for this grassroots activity can sign up through this link, https://www.nahma.org/grassroots-advocacy/join-strategic-foresight-network/. **NN**

Stressing the Importance Of Education through Art

Judging for the 2017 AHMA art and poster contest has wrapped and the winners are being notified they will appear in the 2018 edition of the ever-popular NAHMA Drug-Free Kids calendar. The underlying message for the annual contest is always a drug-free theme but the association wanted to broaden the avenues of expression, so a subtheme is incorporated into the poster contest. The subtheme for the 2017 art contest is "Learning Will Get Me Where I'm Going: Reaching for Knowledge."

Entries were due to NAHMA June 2, after first being submitted to a local AHMA for consideration. The winning artwork will appear in NAHMA's annual calendar, which has sold out the last three years.

The trendy poster and art contest invites children, seniors, and adults with special needs living in affordable multifamily housing 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.

"This is one of the most popular events NAHMA holds each year," Kris Cook, CAE, NAHMA executive director, said. "Everyone looks forward to seeing the fantastic artwork produced by the talented residents. The auction is always a fun time and supports a great program, and this year's subtheme ties in wonderfully with the mission of the foundation."

The poster contest is open to children and elderly residents 55 years or older who live in a community of a NAHMA or a local AHMA member company, as well as 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.

Smart Badges Certify COQ Standards

Nowadays it is hard to know what can be trusted on the internet. When it comes to NAHMA's Communities of Quality (COQ) program, the association does not want there to be any doubt. So, NAHMA will be implementing digital smart badges for its COQ Corporate Partners and their corresponding COQ nationally recognized properties.

The free badges are images created by HTML code that can be incorporated into a company's or community's website. If a visitor clicks on the badge, a verification webpage pops up ensuring NAHMA has certified the property or company as a COQ program participant. If for any reason, the COQ designation is rescinded by NAHMA or allowed to lapse by the company or property, the association can invalidate the smart badge code and it will no longer appear on the website. The association is working with Yoshki Ltd., an online brand protection and image management company, to implement and maintain the smart badge program.

"The smart badges are a way to promote COQ success stories and promote the achievement of our COQ Corporate Partners," Kris Cook, CAE, NAHMA executive director, said. "The badges can't be copied and have to be verified by us, so people can be sure the company is adhering to the strict standards set by the COQ program."

One of the goals of the COQ National Recognition program is to identify the best multifamily affordable housing communities across the country, for excellence in the physical, financial and

For each grade category for children, as well as the elderly and special needs levels, local AHMAs selected up to 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 contestants have completed by June 2017: kindergarten-first grade, second-third grade, fourth-sixth grade, seventh-ninth grade and 10th-12th grade.

All AHMA winning submissions were then forwarded to NAHMA, where a distinguished panel of judges selected the 13 winning entries that will appear inside the pages of the 2018 calendar. One special entry is selected as the grand prizewinner, which will appear on the cover. Only children are eligible for the top prize.

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

The national contest's grand prizewinner, in addition to appearing on the cover of the 2018 calendar, receives a $2,500 educational scholarship and a trip to Washington, D.C., where the artist will be honored at the NAHMA fall meeting, Oct. 22-24.

Each of the other 12 national winners of the NAHMA contest—regardless of entry category—will receive a $1,000 educational scholarship from the NAHMA Educational Foundation. All winners are also featured in the 2018 calendar.

Furthermore, participants in the annual art contests held by the local AHMAs are eligible to be selected as Regional AHMA Art Contest Honorable Mentions. Those selected for this distinction are featured in a special section of the NAHMA 2018 Drug-Free Kids calendar and receive a $100 scholarship check.

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.

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

social condition of the property. Sites are also honored based on the quality of life they offer to residents, the level of resident involvement in community life, and the nature of collaborations with other organizations and agencies that contribute to the lives of residents and the larger community.

And through the COQ Corporate Partners designation, NAHMA recognizes the management companies that are committed to upholding the COQ standards by having at least 50 percent of their property portfolios accepted into the national recognition program.

NAHMA began reaching out to COQ Corporate Partners in late May to provide information about the smart badges. To be able to utilize the smart badges, corporate partners must provide NAHMA with current website addresses. The smart badges will be ready for use by the corporate partners by June. Each corporate partner will receive the unique code from Yoshki to paste onto its website. As an added bonus, a separate code for each of the company's COQ properties' websites will also be included. When a visitor to the site clicks on the smart badge, a verification certificate will display on the screen.

The smart badges are a way to increase the trust factor of certified COQ participants' websites since the badges prevent unauthorized use of the COQ logo. Additionally, the badges are technology responsive, so that they can be viewed regardless of what digital device is used to access the website. NN

Foundation Receives Applications from a Record 33 States

In early May, with three weeks left in the application window, residents from 33 states, the District of Columbia and the U.S. Virgin Islands have filed applications for a 2017 NAHMA scholarship. At no time in the 10-year history of the scholarship program have applications been filed from more than 27 states. Alaska, Idaho, Illinois, Indiana, Michigan and Vermont have student residents applying for the first time. Applications have been received from residents representing 15 different regional AHMAs. The deadline for submissions was May 31.

"It has always been the foundation's goal to have the scholarship program serve residents from across the entire country. So, including at least six more states this year is just terrific and another step in achieving one of our goals," Melissa Fish-Crane, NAHMA Educational Foundation chair, said recently upon hearing this news.

The applicant pool is being evaluated in June to select the 2017 NAHMA scholars. Since its inaugural year in 2007, the foundation has awarded more than 500 scholarships worth more than $929,000 to worthy student residents. In each of the last four years, all scholarships awarded have been worth $2,500 apiece. Selected students have attended a wide variety of community colleges, colleges, universities and trade/technical schools. They represent a broad demographic group from various ethnic and religious backgrounds, and range in age from teenagers to senior citizens.

The 2017 class of NAHMA scholars will be announced in late June. A complete list of 2017 NAHMA scholars will be presented in an upcoming edition of the *NAHMA News*. Watch this space for what is sure to be an impressive list of students! NN

Time to Start Preparing COQ Applications

Before summer vacations and back-to-school events start dominating the schedule, plan to enter the NAHMA 2017 Communities of Quality (COQ) Awards competition. The submission deadline to NAHMA is Nov. 3.

To enter the 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. 8.

"The Communities of Quality Awards honor the achievements of affordable housing providers who make an unprecedented contribution to developing outstanding properties for families of modest means. 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," Michael Johnson, SHCM, NAHP-e, NAHMA president, said. "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."

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
- 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 2018 and will receive their awards in a special ceremony at the NAHMA 2018 March meeting in Washington, D.C.

This year's COQ Awards program is once again 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, Connecticut, Mississippi and Virginia.

An overview of the COQ program, along with 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 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 about the COQ program and awards, contact Paulette Washington at 703-683-8630, ext. 110 or pwashington@nahma.org.

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

About the COQ Awards Sponsors

HD SUPPLY MULTIFAMILY SOLUTIONS: With 50,000-plus items and free, next-day delivery on most items to most areas, HD Supply Multifamily Solutions is your source for maintenance supplies, fabrication, installation and renovation services. Our 700-plus account representatives serve more than 130 markets, providing personalized service backed by the strength of a national company. For more information, visit hdsupplysolutions.com.

NAVIGATE AFFORDABLE HOUSING PARTNERS: Based in Birmingham, Ala., Navigate Affordable Housing Partners is HUD's Section 8 PBCA for Alabama, Mississippi, Virginia and Connecticut. With a strong reputation for customer service and training, Navigate oversees a portfolio of more than 70,000 units. Navigate has a history of developing, owning and managing HUD assisted properties in Alabama and has recently begun providing consulting and development services to public housing authorities. For further information, visit navigatehousing.com.

REGULATORY WRAP-UP

HUD NEWS

ON APRIL 20, HUD ISSUED A NOTICE REGARDING THE IMPLEMENTATION OF THE CAPITAL NEEDS ASSESSMENT (CNA) e-tool, which will be delayed until Oct. 1 from the previous implementation date of July 1. Use of the e-tool for CNAs will remain voluntary through Sept. 30. All other provisions of the previous CNA e-Tool Housing Notice remain in effect.

THE WHITE HOUSE ANNOUNCED APRIL 28 THAT PAMELA PATENAUDE WAS NOMINATED TO SERVE AS HUD DEPUTY SECRETARY. Currently the president of the J. Ronald Terwilliger Foundation for Housing America's Families, Patenaude previously served as HUD Deputy Secretary for Community Planning and Development under the George W. Bush administration, where she managed disaster recovery funds for the Gulf Coast rebuilding efforts. She also served as HUD's White House liaison during the Reagan administration. In addition to past HUD experience, she also administered the Section 8 rental assistance program at the New Hampshire Housing Finance Authority. In the private sector, Patenaude directed the Bipartisan Policy Center's Housing Commission and served as executive vice president of the Urban Land Institute before joining the Terwilliger Foundation. Noted for leading a 21-member bipartisan commission to spur momentum on national housing policy, Patenaude was reportedly considered by the Trump administration for the secretary position before Ben Carson's nomination.

IN APRIL, HUD ISSUED THREE UPDATES PERTAINING TO: Tenant Protection Vouchers for the Housing Choice Voucher (HCV) program; Housing Trust Fund Allocation corrections for FY16; and HUD's annual Housing Credit tenant data report. The updates can be found on the HUD Issues webpage under the Agencies tab at nahma.org.

ON MARCH 30, HUD PUBLISHED A REVISED NOTICE FOR FY 2017 FAIR MARKET RENTS: Housing Choice Voucher Program and Moderate Rehabilitation Single Room Occupancy Program. This notice updates the FY 2017 FMRs for Portland, Maine, HUD Metro FMR Area (HMFA) and Vallejo-Fairfield, Calif., Metropolitan Statistical Area (MSA), as requested by commenters. In addition to announcing these revised FY 2017 FMRs, this notice also includes HUD responses to the comments received regarding the FY 2017 FMRs. To view the notice, visit the HUD Issues webpage under the Agencies tab at nahma.org.

FY 2017 MEDIAN FAMILY INCOMES AND INCOME LIMITS

The Department of Housing and Urban Development (HUD) released the estimated median family incomes (MFIs) and income limits for fiscal year 2017 in late April. MFIs are used as the basis for income limits in several HUD programs, including the Public Housing, Section 8 Housing Choice Voucher, Section 202 housing for the elderly and Section 811 housing for persons with disabilities programs, as well as in programs run by agencies such as the Department of the Treasury, the Department of Agriculture and the Federal Housing Finance Agency.

The FY 2017 MFI data use the Section 8 program's Fair Market Rent area definitions. Income limits are calculated in relation to MFIs for each FMR area with adjustments for family size and for areas with unusually high or low family income or housing-cost-to-income relationships.

To view the FY 2017 income limits and MFIs, visit https://www.huduser.gov/portal/datasets/il.html#2017?WT.mc_id=FY%202017_april252017&WT.tsrc=Email.

USDA NEWS

THE U.S. DEPARTMENT OF AGRICULTURE-RURAL HOUSING SERVICES (USDA-RHS) released an unnumbered letter May 9 to clarify allowable expenses charged against project income in Rural Development-financed Section 515 and Section 514 multifamily properties. The Office of the Inspector General previously conducted an audit of expenses charged to properties financed under the Multi-Family Housing Direct Loan programs. A recommendation agreed to by the agency was a periodic reminder to program participants about allowable and unallowable expenses. The agency previously issued an unnumbered letter UL on this subject Jan. 22, 2016, and will continue to issue periodic updates to this letter subject. To view this unnumbered letter online, visit the USDA Rural Housing Issues webpage under the Agencies tab at nahma.org.

AFTER MONTHS OF A VACANT SECRETARY OF AGRICULTURE POSITION, the Senate voted in late April to confirm former Georgia Gov. Sonny Perdue to the position. Purdue, who was endorsed by the six previous USDA secretaries, was approved by an 87 to 11 vote.

ADMINISTRATION NEWS

IN WHAT IS CONSIDERED A FIRST STEP TOWARD OVERHAULING THE COUNTRY'S TAX CODE, Treasury Secretary Steve Mnuchin and Gary Cohn, director of the National Economic Council, released an

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overview of the president's tax policy in late April. The proposal offered few details, but charted a course for tax cuts and simplifications, including a significantly reduced corporate tax rate of 15 percent. More context was expected in late-May when the administration said it would release a more detailed FY 2018 budget request; as with the budget, any tax plan will require congressional authorization and will likely face an uphill battle in Congress. NAHMA is monitoring tax reform for potential impacts on the Low-Income Housing Tax Credit (LIHTC) and will keep members updated.

CONGRESSIONAL NEWS

ON APRIL 26, THE HOUSE FINANCIAL SERVICES COMMITTEE HELD A HEARING, A Legislative Proposal to Create Hope and Opportunity for Investors, Consumers and Entrepreneurs. The hearing was a discussion on the Financial Choice Act, Committee Chairman Jeb Hensarling's (R-TX) overhaul of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Overall, the hearing was a heated partisan battle. Hensarling stated the reforms were needed to spur economic recovery because "Dodd-Frank has been a greater burden to enterprise than all other Obama-era regulations combined." However, House Financial Services Ranking Member Maxine Waters (D-CA) said, "This bill must not become law." Throughout the hearing, Waters and other Democrats referred to the CHOICE Act as the "Wrong CHOICE Act," and subsequently held their own hearing on the legislation in which Sen. Elizabeth Warren (D-MA) testified on the economic benefits of Dodd-Frank.

IRS NEWS

ON APRIL 19, THE IRS ISSUED REVENUE RULING 2017-11, which provides various prescribed rates for federal income tax purposes, including applicable federal interest rates, adjusted applicable federal interest rates and adjusted long-term and tax-exempt rates for May 2017. As provided in the ruling, Table 4 contains LIHTC Appropriate Percentages Under Section 42(b)(1) for May 2017 including the appropriate percentage for the 70 percent present value low-income housing credit: 7.55 percent; and appropriate percentage for the 30 percent present value low-income housing credit: 3.24 percent. Under Section 42(b)(2), the applicable percentage for new buildings that are not federally subsidized placed in service after July 30, 2008, shall not be less than 9 percent. Visit nahma.org and click on the Agencies tab, LIHTC Issues, to read the ruling. **NN**

EDUCATION CALENDAR

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

JUNE

14
RD/Section 515 Workshop
Glen Allen, MD
Mid-Atlantic AHMA
804-673-4128
www.mid-atlanticahma.org

TRACS Part 1: Understanding TRACS
Webinar
NEAHMA
781-380-4344
www.neahma.org

Smoke Free Implementation
Webinar
SAHMA
800-745-4088
www.sahma.org

14-15
Tax Credit Training & SHCM Exam
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

14-16
Annual Affordable Housing Conference
Bend, OR
Oregon AHMA
503-357-7140
www.oregonaffordable housingmanagement.com

15
Connecticut Quarterly Meeting
Connecticut
NEAHMA
781-380-4344
www.neahma.org

Tax Credit Training & Online SHCM Exam
Atlanta, GA
SAHMA
800-745-4088
www.sahma.org

20
Fair Housing Training
Pittsburgh, PA
PAHMA
412-445-8357
www.pahma.org

20
Adult Bullying
Webinar
AHMA of Washington
360-561-3480
http://ahma-wa.org

20-22
Certified Professional of Occupancy (CPO)
Connecticut
NEAHMA
781-380-4344
www.neahma.org

21
Basic LIHTC Compliance
Glen Allen, VA
Mid-Atlantic AHMA
804-673-4128
www.mid-atlanticahma.org

TRACS Part 2: MAT Transmission
Webinar
NEAHMA
781-380-4344
www.neahma.org

22
Basic LIHTC Compliance
Wytheville, VA
Mid-Atlantic AHMA
804-673-4128
www.mid-atlanticahma.org

27
Rhode Island Quarterly Meeting
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

Advanced Legal Seminar: Seattle Issues
Seattle, WA
AHMA of Washington
360-561-3480
http://ahma-wa.org

27-29
CPO
San Antonio, TX
SWAHMA
210-822-5852
www.swahma.com

28
Budgeting to Meet Your Goals
Salem, OR
Oregon AHMA
503-357-7140
www.oregonaffordable housingmanagement.com

Fair Housing Timely Topics
Webinar
SAHMA
800-745-4088
www.sahma.org

TRACS Part 3: Subsystems
Webinar
NEAHMA
781-380-4344
www.neahma.org

29
Resolving EIV Discrepancy Reports
Conference Call
SAHMA
800-745-4088
www.sahma.org

30
Budgeting to Meet Your Goals
Grants Pass, OR
Oregon AHMA
503-357-7140
www.oregonaffordable housingmanagement.com

JULY

TBD
TRACS Refresher & 203A
San Diego, CA
AHMA-PSW
866-698-2462
www.ahma-psw.org

11
EIV to Z: Security, Effective Use and Compliance
Whittier, CA
AHMA-PSW
866-698-2462
www.ahma-psw.org

11-13
HAHMA Annual Conference
St. Louis, MO
HAHMA
913-722-1999
www.hahma.org

12
Understanding HUD's HOME Program, Part 1
Webinar
AHMA of Washington
360-561-3480
http://ahma-wa.org

Are You Ready for RAD
Webinar
NEAHMA
781-380-4344
www.neahma.org

NEAHMA's Annual Kid's Day
Salem, NH
NEAHMA
781-380-4344
www.neahma.org

Accepting an Application
Webinar
NEAHMA
781-380-4344
www.neahma.org

Being a More Successful Site Manager
Webinar
SAHMA
800-745-4088
www.sahma.org

13
Intermediate LIHTC Compliance
Glen Allen, VA
Mid-Atlantic AHMA
804-673-4128
www.mid-atlanticahma.org

Trends & Hot Topics in Fair Housing
Grants Pass, OR
Oregon AHMA
503-357-7140
www.oregonaffordable housingmanagement.com

15
REAC
Liberty, MO
HAHMA
913-722-1999
www.hahma.org

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18
MOR Training
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

Management of Section 8 Properties
Glen Allen, VA
Mid-Atlantic AHMA
804-673-4128
www.mid-atlanticahma.org

19
LIHTC Fundamentals
Indianapolis, IN
MAHMA
614-481-6949
http://mahma.com

LIHTC: Certifying Income Eligibility
Webinar
SAHMA
800-745-4088
www.sahma.org

20
Income & Assets Verification & Calculation
Wytheville, VA
Mid-Atlantic AHMA
804-673-4128
www.mid-atlanticahma.org

LIHTC Advanced
Indianapolis, IN
MAHMA
614-481-6949
http://mahma.com

SHCM Exam
Indianapolis, IN
MAHMA
614-481-6949
http://mahma.com

21
Trends & Hot Topics in Fair Housing
Redmond, OR
Oregon AHMA
503-357-7140
www.oregonaffordable housingmanagement.com

25
EIV 101 Beginner
Rhode Island
NEAHMA
781-380-4344
www.neahma.org

Income & Assets Verification & Calculation
Glen Allen, VA
Mid-Atlantic AHMA
804-673-4128
www.mid-atlanticahma.org

26
LIHTC Fundamentals
Columbus, OH
MAHMA
614-481-6949
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Appliance
Webinar
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www.ahma-psw.org

What Is Income
Webinar
AHMA-PSW
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Documentation of Resident Infractions
Webinar
SAHMA
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LIHTC Advanced
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SHCM Exam
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AUGUST

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NAHMA Presents Key People Skills for Property Management Staffers: Managing Time to Maximize Performance
Webinar
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NEAHMA
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Advanced LIHTC Compliance
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Tax Credit
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HAHMA
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Tax Credit
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Understanding HUD's HOME Program, Part 2
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Bedbug Integrated Pest Management
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Tools
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What Are Assets
Webinar
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Fair Housing Managers
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Fair Housing Maintenance
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Trends & Hot Topics in Fair Housing
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7th Annual AHMA-PSW Nevada Seminar
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Intermediate LIHTC Compliance
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LIHTC Fundamentals
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Half-Day Fair Housing (for VA DPOR Certification)
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On a Mission to Provide Affordable Housing to Those in Need

EVELYN CATALAN HAD ALWAYS known she was destined to help people, so it came as no surprise she would find a career within the affordable housing industry.

"Ever since I was a little girl, I always wanted to help people who were less fortunate," she said. "I always got in trouble for giving away my personal possessions."

Her first job in the industry in 1988 was as a secretary of a small but successful nonprofit developer where she was exposed to the affordable housing industry. After a couple of years she transitioned into property management and since 2007, has been at MidPen Property Management Corporation where she is the director of property operations, central office, which is located in Foster City, Calif. Catalan oversees compliance of the regulations for 100-plus communities primarily in Northern California, as well as the training of property management staff.

"This is my third job managing affordable housing communities since 1990 and I am more engaged than ever before. What keeps me here is the fact that I've always wanted to help people and be a part of a larger cause," she said. "You are exposed to different issues every day as well as to different individuals internally and externally with the same goals of making a difference in housing."

She said that while the area has many successful nonprofit developers creating affordable housing, there are still plenty of people needing a safe, affordable place to live.

"I'm a mission-driven person. I feel a great deal of fulfillment and accomplishment when I'm contributing to a cause and housing being such a great need is that cause for me," she said. "The mission at MidPen is to provide safe, affordable housing of high quality to those in need. It's that mission that keeps me going. That's why I look at what I do as I get to do this, not I have to do this."

> "You are exposed to different issues every day as well as to different individuals internally and externally with the same goals of making a difference in housing."

In addition to trying to make a difference in residents' lives, Catalan is making a difference for affordable property management staff as the president of AHMA-NCH, where the association is striving to be a strong voice in the industry.

In March, the association was named AHMA of the Year, as well as received the AHMA Innovation Award, both in the small-size AHMA category. The Innovation Award was given for its collaborative meetings with HUD and industry stakeholders that provide updates on the western Region 5 transition progresses and serve as a vehicle to be able to provide feedback to HUD staff in the San Francisco hub. The model is now being replicated with the state Housing and Community Development and California Tax Credit Allocation Committee.

"We're really proud of this partnership and we are expanding it to the 14 states under the San Francisco Regional Center and Denver jurisdictions. Our goal is to create ongoing dialogue in order to address mutual concerns," she said. "We also want to be a hub of knowledge for our members and we want to continue to form strategic partnerships within the industry."

Besides earning her Bachelor of Science in international business from Golden Gate University, she is working on becoming a Certified Property Manager (CPM) and has already earned her Housing Compliance Manager and Certified Occupancy Specialist certifications.

Catalan is married with two daughters, both in their 20s. When she isn't working, you can find her hiking or just being outdoors. She also likes hot yoga, reading and spending time with her family. **NN**

Welcome New Members

NAHMA welcomes the following new members as of May 3, 2017.

EXECUTIVE

Bobby Griffith, JL Gray, Albuquerque, N.M.

Jack Sipes, Dominium, Plymouth, Minn.

AFFILIATE

Joseph Nowicki, Chatham Financial Corporation, Littleton, Colo.

Rick Peppers, IGS Energy, Dublin, Ohio

NAHMANews
National Affordable Housing Management Association
400 North Columbus Street, Suite 203
Alexandria, VA 22314
www.NAHMA.org

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword

Our Work Is Not Finished

CONGRESS MAY HAVE PASSED AN omnibus bill that keeps the federal government, including affordable housing programs, funded until the end of the current fiscal year, but our work is not done.

Attention on the Hill is expected to turn to tax reform, which could have a negative effect on the Low-Income Housing Tax Credit (LIHTC). You can learn more about the potential impacts of reform on the LIHTC on page 14.

And, on the heels of tax reform comes the fiscal year 2018 budget. The budget blueprint released earlier this year signaled that affordable housing programs are not a priority for this administration. In fact, the administration suggested eliminating funding for the Community Development Block Grant program, the HOME Investment Partnerships Program and the Choice Neighborhoods Program and imposing deep cuts to the departments of Housing and Urban Development, Treasury and Agriculture, among others. You can read more about the fiscal outlook in the main article.

The Washington Update column, on page 9, also provides insight on NAHMA's predictions for tax reform and the upcoming budget process.

This is why grassroots efforts by our members are so critical. You have the experience and industry knowledge to explain to elected officials why these programs are so important, as well as how the decisions made in the District can affect real people across the country. Reaching out to members of Congress and their staffers by writing letters, connecting on social media, attending a town hall meeting or scheduling a site visit can help change a mind before a vote is cast.

It is imperative to promote development and preservation of quality affordable multifamily housing by advancing legislative and regulatory policy. And it is imperative to prepare affordable housing professionals to succeed in evolving economic and political environments. That is why we ask our members to get involved.

However, we don't expect our members to do all the work alone. NAHMA staff has been busy meeting with HUD's new leadership. Additionally, in May, NAHMA was a co-sponsor of, as well as a participant in, three on-site tours of senior housing communities in and around the Washington metropolitan area for Hill staffers—don't forget, staffers are the gatekeepers for elected officials and have the ear of your representative.

The tours were well attended and provided one more opportunity for NAHMA to educate congressional staffers about our mission and the critical need affordable housing programs fill.

To become more involved in NAHMA's grassroots efforts, visit nahma.org and click on the Grassroots Advocacy tab. There you will find the Advocacy Toolkit webpage, which provides tips on being an advocate along with general information about the legislature. Also under the tab is the Urgent Advocacy Issues webpage that provides information on the issues that are an immediate priority. And as always, you can call Larry Keys Jr. and Juliana Bilowich at NAHMA with any questions. **NN**

Michael Johnson, SHCM, NAHP-e, is executive vice president and chief administrative officer of Alco Management Inc. and president of NAHMA.