NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

NAHMANews

November December 2011

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

NAHMA Forms Bed Bug Task Force

After HUD issued guidelines on bed bug control and prevention in HUD-insured and -assisted multifamily housing in August 2011, industry leaders—including NAHMA—immediately indicated their opposition to some of its directives (HUD Notice H 2011-20).

At press time, NAHMA's board had formed a task force to make recommendations for changes to the guidance. This was being done in part due to a request by HUD staff, who invited specific recommendations from NAHMA about how to revise the notice. HUD staff also indicated that the guidelines were never intended to limit owners' ability to execute their lease agreements.

"Even though HUD didn't immediately put the new policy on hold, I want to thank the Department for its willingness to review and reexamine the issue and to come up with a policy that hopefully will work for owners and agents as well as for residents," said NAHMA Board President Scott Reithel.

INDUSTRY CONCERNS TAKEN SERIOUSLY

On October 11, 2011, NAHMA and several other industry groups sent a letter to HUD Acting Assistant Secretary for Housing/FHA Commissioner Carol Galante expressing serious concerns about the notice. Calling the approach "seriously flawed," the letter noted that it limited owners' options to prevent infestations and failed to provide property staff with sufficient leverage to ensure resident cooperation with treatment protocols.

At the same time, the guidance imposed substantial costs on properties without identifying offsets or sufficiently describing how HUD will evaluate expenses associated with bed bug infestations.

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Where We Are on Appropriations

At press time, Congress was working on passing federal agency spending bills for FY 2012. For the latest information on the appropriations process and other Congressional action, visit the NAHMA Legislative News webpage at www.nahma.org/content/news.html.

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inside nahma

BY KRIS COOK, CAE

Key Housing Programs on the Chopping Block

THE CALENDAR YEAR STARTED on a positive note for affordable housing. President Obama signed into law The Supportive Housing for the Elderly Act and the Frank Melville Supportive Housing Investment Act in early January. In addition to reforms to advance preservation under the Section 202 program and converting tenant-based assistance under Section 811 to the tenant-based Section 8 program, the legislation authorized $300 million for the Section 811 account for FY 2011-2015.

Then things took a far less productive turn. Contention over the FY 2011 appropriations bill caused the federal government to nearly shut down seven times through April. Finally, a continuing resolution was passed to carry federal funding through September, and it included many programmatic cuts, including HUD programs.

Shortly thereafter came the long and hotly debated issue of raising the nation's debt ceiling. As part of the law to raise the debt ceiling passed in early August, Congress was directed to set up a "super committee" to come up with another $1.5 million in federal spending cuts. Discussions about the FY 2012 budget are finally moving forward, but in this context of massive cuts needed to federal spending.

NOT GIVING UP

NAHMA will continue to fight for funding for affordable housing. We played an important role in a 2011 campaign to educate members of Congress and the Administration about the need for and value of the Section 8 program. An industry-backed Section 8 fact sheet stated in concise yet forceful language why this program is indispensable and should continue to be funded at acceptable levels. (For a copy of the Fact Sheet, go to www.nahma.org and look under Legislative News.)

Then, in early May 2011, The Washington Post ran a series of front-page articles alleging mismanagement of HUD's HOME funds. NAHMA immediately launched a campaign to urge its members to contact Congress and describe their successful HOME-funded communities. NAHMA also collected success stories and submitted them to committee members en masse.

More recently, on October 13, the House Housing Financial Services Subcommittee on Insurance, Housing and Community Opportunity held a hearing on The Section 8 Savings Act of 2011 (SESA). The hearing accompanied the release of the second draft of SESA, which has a few problems that we will work to fix.

YOUR ACTION IS CRUCIAL

The current environment of budget cutting even programs that work well for the most vulnerable Americans means that all of us need to take action. Call your members of Congress and make sure they have good information about these programs. Utilize NAHMA's resources, such as our online Grassroots Advocacy Center and NAHMA Maps.

Your phone call, email or letter is extremely powerful. What matters to voters matters to their elected officials. Don't let programs important to you get cut and then consider whether you did everything you could to prevent it. Consider it **now**. **NN**

Kris Cook is Executive Director of NAHMA.

NAHMA Advises GAO on Improper Payment Findings

In early October, the Government Accountability Office (GAO) asked to meet with NAHMA to discuss any insights it may have to reduce improper payments in the Section 521 Rural Rental Assistance program. NAHMA subsequently asked its members for feedback on this issue.

GAO said it is reviewing the Section 521 Rural Rental Assistance program as part of a congressional request that specifically asks:

- What are the sources and magnitude of improper rental assistance payments that the Rural Housing Service (RHS) has identified?
- To what extent has RHS complied with applicable requirements and guidance for estimating, reporting, and reducing improper payments?
- What potential lessons could RHS learn from HUD's experience in addressing improper rental assistance payments?

At the meeting, NAHMA relayed suggestions it had gotten from its members regarding ways to reduce regulatory burdens, the granting of access for RHS to Health and Human Services and Social Security Administration data—either directly or through HUD's Enterprise Income Verification (EIV) system, and ways to improve coordination between RHS and HUD.

In June, Tammye Treviño, the Administrator of the Housing and Community Facilities Programs in USDA's Rural Development (RD) sent a memo to RD state directors regarding this year's Multi-Family Housing (MFH) Improper Payment Information Act Report (IPIA) on an audit that was conducted January-March 2011. The report details the findings and recommendations of the study that was undertaken to determine the error rate of payments in the Rental Assistance (RA) program.

Key findings of the IPIA report include:

- For FY 2011, RD estimates the error rate of payments in the Section 521 RA program to be 1.48 percent, which represents a dollar value of $15.1 million in improper subsidy payments. In FY 10, the error rate was 1.39 percent.
- "Income calculation errors," which accounted for 40 percent of the total number of improper payments, were the most common source of all errors.
- Errors were far more likely to result in subsidy overpayments than underpayments.
- Unauthorized assistance over- and under-payments of $100 or less were not counted in the error rate.

RD's note to its state directors said, "As an Agency, we must continually improve our oversight of borrowers and management agents to ensure tenant incomes are verified with sufficient supporting documentation on which to make such determinations. Additionally, borrowers and management agents must review their quality assurance processes to make sure that they are securing documentation and verification, and improve the accuracy of their mathematical calculations."

> "As an Agency, we must continually improve our oversight of borrowers and management agents to ensure tenant incomes are verified with sufficient supporting documentation on which to make such determinations.

Pursuing access to HUD's EIV system continues to be a major element of RD's corrective action plan. Also, earlier this year, NAHMA urged RD to adopt HUD's recertification trigger of $200 per month.

For members who would like additional information, please go to www.nahma.org and click on the RHS tab. **NN**

BED BUG TASK FORCE, *continued from page 1*

The notice also raised questions about the contract obligations for existing mortgage borrowers and proper disclosure to pending and future FHA multifamily applicants for HUD mortgage insurance.

Through the creation of the task force, NAHMA is taking HUD up on its stated willingness to work constructively with stakeholders to fix the concerns about costs, prevention and compliance.

Initial comments by the task force were slated to be given to HUD by late November.

For background information, a summary of the issue, the requirements of the Notice, and what NAHMA views as positive and negative aspects of the Notice, see the September 27, 2011, *NAHMAnalysis* at NAHMA's website (www.nahma.org) on the Members' page. **NN**

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WELLS FARGO

Multifamily Affordable Housing Insurance Program (MAHIP)

This program is accessible directly to affordable housing providers, or through their local, trusted agent or broker.

Risk profile

Affordable housing providers, including:

- For-profits and non-profits
- Assisted living facilities
- Property developers
- Social service agencies
- Management companies
- Public housing authorities
- Senior housing
- Market rate apartments
- Commercial occupancies

Coverages available

- Property
- General liability
- Auto liability and physical damage
- Workers' compensation and employers liability
- Umbrella liability
- Professional liability
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- Employment practices liability
- Fiduciary liability
- Low income housing tax credit first party insurance
- Low income housing tax credit professional liability insurance
- Bed bug infestation coverage

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BY MICHELLE KITCHEN

Pressure Is On the "Super Committee"

IT'S NO SECRET. CONGRESS MISSES its own deadlines—a lot. They miss deadlines to reauthorize programs. They miss deadlines to approve budget resolutions. They miss deadlines to pass annual spending bills, which are supposed to be enacted into law before October 1. Because of advanced appropriations, continuing resolutions in lieu of finalized fiscal year budgets are less disruptive.

Nevertheless, as 2011 comes to a close, extremely important target dates are looming over Congress. Failure to satisfy the self-imposed deficit reduction deadlines established in the Budget Control Act of 2011 will do far more than reflect poorly on the legislative body. The consequences of failure could be devastating for the economy, affordable housing programs and low-income families.

The Budget Control Act of 2011 (PL. 112-25) created a new Joint Select Committee on Deficit Reduction which must "provide recommendations and legislative language that will significantly improve the short-term and long-term fiscal imbalance of the Federal Government." The Act states, "The goal of the joint committee shall be to reduce the deficit by at least $1.5 trillion over the period of fiscal years 2012 to 2021."

Members of this Joint Select Committee, also known as the "Super Committee," include: Rep. Jeb Hensarling (R-Texas), Co-Chair; Sen. Patty Murray (D-Wash.), Co-Chair; Sen. Max Baucus (D-Mont.); Rep. Xavier Becerra (D-Calif.); Rep. Dave Camp (R-Mich.); Rep. Jim Clyburn (D-S.C.); Sen. John Kerry (D-Mass.); Sen. Jon Kyl (R-Ariz.); Sen. Rob Portman (R-Ohio); Sen. Pat Toomey (R-Pa.); Rep. Fred Upton (R-Mich.); and Rep. Chris Van Hollen (D-Md.).

NO TIME TO SPARE

The Super Committee is working on an extremely tight timeframe. The Budget Control Act was signed into law on August 2, 2011. The statutory deadline for the Joint Committee to vote on its legislation is November 23, 2011.

Not later than December 23, 2011, the House and Senate must each vote on passage of the Joint Committee's bill, which is not subject to amendment. Statutory consequences for failure are written into PL. 112-25. Across-the-board spending reductions—beyond the cuts imposed by spending caps already included in the bill—will go into effect in 2013 if the Super Committee cannot produce an agreement that Congress approves and the President signs into law. The Act states:

> *"Unless a joint committee bill achieving an amount greater than $1,200,000,000,000 in deficit reduction…is enacted by January 15, 2012, the discretionary spending limits shall be revised, and discretionary appropriations and direct spending shall be reduced for FY 2013 through FY 2021."*

In his October 26 testimony to the Super Committee, Congressional Budget Office Director Douglas W. Elmendorf further explained that "CBO expects that 71 percent of the net savings from the automatic procedures would come from reductions in discretionary appropriations."

CONTACT YOUR LEGISLATORS NOW!

At press time, the Super Committee had not finalized its legislation. Based on available information, it is unlikely that Project-based Section 8 or the voucher program would be singled out for major cuts in the deficit reduction bill. However, NAHMA strongly urges members to continue educating members of Congress about the importance of affordable rental assistance programs.

To make sure affordable multifamily housing programs get the resources they deserve in 2012 and beyond:

Contact the U.S. Senators and Congressmen who represent the properties in your portfolio. Check NAHMA's Grassroots Action webpage, www.nahma.org/content/grassroots.html, for the latest talking points on housing issues.

Let members of Congress and their staff know they have federally assisted affordable properties in their districts. Direct them to the NAHMA Maps Affordable Housing Search Engine (see http://nahma.apartmentsmart.com), which provides visual and statistical information about the number of affordable properties in a congressional district and the programs which support the developments.

Invite members of Congress to visit your properties. Your residents are the Congressman's constituents! It is important to connect federal programs, the property and quality of life for their constituents.

Keep your explanations simple. Be specific about what you are asking the member to do. Make your case in the most succinct and simple terms possible.

As always, NAHMA staff is here to help if you would like assistance setting up an appointment or preparing for your meetings. **NN**

Michelle Kitchen is Director, Government Affairs for NAHMA.

BY PETER LAWRENCE

Preserving LIHTCs in a Climate of Tax Reform

AS CONGRESS IS CONSUMED THIS fall with how to reduce the debt and deficit as well as reform the tax code, tax expenditures like the Low Income Housing Tax Credits (housing credits) are coming under threat. To combat this threat, the housing credit community has come together through the Affordable Rental Housing A.C.T.I.O.N. (A Call To Invest in Our Neighborhoods) Campaign to present a united front to Congress and the Administration and send a clear message on the importance of preserving and protecting LIHTCs in whatever deficit reduction or tax reform plan it considers.

Since 2009, the A.C.T.I.O.N. campaign has joined together a broad, cross-industry coalition of national, state and local organizations throughout the country—including NAHMA— to align advocacy efforts on behalf of the housing credit. And because it is easiest to organize public congressional support around a piece of legislation, the A.C.T.I.O.N. campaign has called on Congress to enact legislation that would make permanent an increasingly important but temporary housing credit provision.

This past summer, A.C.T.I.O.N. members met in Washington, D.C. to discuss the best strategy to protect and preserve the housing credit in the current political and fiscal environment. Based on this meeting, the campaign adopted a strategy to protect and preserve the credit by advocating for a bill to make permanent a fixed floor rate of no less than nine percent for new and substantial rehabilitation credits, and apply the same policy to set a fixed floor for acquisition credits at no less than four percent—the levels originally envisioned when the housing credit was created in the Tax Reform Act of 1986.

Enacting this proposal would remove the uncertainty and financial risk associated with the current floating rate system, simplify state administration and facilitate the development and preservation of affordable rental housing. But even more importantly, getting support for the bill would demonstrate support for the housing credit in Congress as it considers eliminating or reducing tax expenditures for deficit reduction or tax reform.

The nine percent floor was established in the Housing and Economic Recovery Act of 2008 (HERA), and since its enactment it has provided stability for the LIHTC industry, making more projects financially feasible than possible under the monthly floating rate system (which in October 2011 would have been 7.48 percent). However, it expires for properties placed in service after the end of 2013. If it is not extended, housing credit allocations will need to be underwritten at the floating rate starting early next year, reducing the maximum equity per project by more than 15 percent.

As governments at every level reduce funding for spending programs like HOME, CDBG and other local funding sources that provide gap financing for housing credit development, the reduced equity could cut the number of affordable rental homes constructed or preserved, as well as make certain projects financially infeasible. At a time when a record number of low- and moderate- income households are burdened by rental housing costs and there is a gap of 6 million in the supply of affordable and available apartments, this is the wrong time to let the HERA floor provision expire.

While inaction by members of Congress would have direct and serious impacts on cities and states, low-income working families and the small businesses that generate income from the completion or ongoing operation of housing credit-financed apartments, we believe enacting the proposal would have little federal cost. If it follows the same methodology as it did for HERA, the Joint Committee on Taxation will likely estimate that enacting both the nine percent and four percent fixed rates would cost less than $15 million over a 10-year period, a very modest cost on the federal level.

The A.C.T.I.O.N. campaign has been working with staff from House Ways & Means Subcommittee Chairman Pat Tiberi (R-OH-12th) and Senate Finance Committee Member Maria Cantwell (D-WA) to introduce legislation to enact the campaign's housing credit fixed floor rate proposals, and with support from their colleagues, we expect to introduce the bills soon.

However, to get that support, we need your help. If you are interested in joining the A.C.T.I.O.N. campaign, and supporting the effort to protect and preserve the Housing Credit as the nation's most important and effective affordable rental housing production and preservation tool, please visit our website at www.rentalhousingaction.org. **NN**

Peter Lawrence is the Senior Policy Director for Enterprise Community Partners, Inc.


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FY 2012 FMRs Concern Industry Leaders

On September 19, 2011, affordable housing industry leaders responded to a request for comments on HUD's proposed Fair Market Rents (FMRs) for the Housing Choice Voucher Program and Moderate Rehabilitation Single Room Occupancy Program for Fiscal Year 2012. In a letter to the Office of the General Counsel, eight organizations (including NAHMA) representing thousands of firms involved in the multifamily rental housing industry addressed key issues of the proposal.

Here are the principal topics of concern to industry leaders:

NEW FMR METHODOLOGY, LARGE CHANGES AND THE RECENT MOVER BONUS FACTOR

The proposed methodology for calculating FMRs results in very large changes in FMRs—in both directions—between FY11 and FY12. For example, the Bond County, Ill., HUD Metro Area FMR increases 20.2 percent, from $579 to $696. FMR metro areas with increases of at least 15 percent include Williamsport, Pa., Butts County, Ga, Brunswick, Ga. and Winchester, VA-WV.

In the opposite direction, FMRs for Pascagoula, Miss., and Flagstaff, Ariz., decline by about 22 percent. Western Worcester County, Mass.; Summit County, Utah; and the Fitchburg-Leominster, Mass. FMR areas decrease by more than 17 percent.

The letter points out that there are many examples of FMR areas with relatively small populations where the changes are even more extreme. For example, in Concho County, Texas, the proposed FY12 FMR list shows the two-bedroom FMR increasing 64.7 percent, from $595 to $980. In the East Aleutians, Alaska, the list shows the FMR declining by 48.9 percent, from $1,143 to $584.

These year-to-year changes for FY12 are much larger than usual, according to industry experts. In contrast, the list for FY11 showed proposed FMRs increasing by more 10 percent in only two areas and declining by over five percent in only three areas.

These year-to-year changes for FY 12 are much larger than usual, according to industry experts. The list for FY11 showed proposed FMRs increasing by more than 10 percent in only two areas and declining by over five percent in only three areas.

FMRs that change drastically from one year to the next can have a strong impact on local PHAs, property owners and tenants. A reduction of more than five percent triggers a rent reasonableness analysis on the part of the PHA with jurisdiction over the area. "If the PHA's analysis finds that the rent being charged by a property owner is no longer reasonable," the letter points out, "the owner will be required to reduce the rent. If the owner determines that this reduction will adversely affect the financial stability of the property, the owner will likely choose to leave the program, and the tenant will then have to move.

"Another consequence of a large reduction in FMRs is that owners may have to defer maintenance items because cash flows are no longer adequate to cover operating expenses.

"One of HUD's objectives should be to avoid putting tenants, property owners, and PHAs through this process when it is unnecessary."

Among its recommendations regarding this issue is that HUD:

- Adopt a policy to limit decreases in FMRs for FY2012 to five percent in order to limit the burden on the PHAs and property owners who administer the program;
- Change the term "Recent Mover Bonus Factor" to "Recent Mover Adjustment Factor," which is more appropriate for a factor that can be greater or less than 1.0; and
- Include a list of areas where this factor is less than 1.0 on future proposed FMR notices.

FORMAL PUBLICATION DATE FOR INCOME LIMITS

The letter's signatories also strongly support a formal publication date for income limits. They commended HUD for recognizing the programmatic connections between FMRs and income limits and taking the initiative to introduce this important topic into the notice for proposed FMRs, which is not required by statute.

Establishing a formal publication date on either October 1 or December 1 for income limits means that 2012 income limits would still be based on American Community Survey (ACS) data collected from 2005 through 2009; that the first 2013 income limits would be the first to incorporate ACS data collected through 2010; and that in future years, ACS data would become incorporated into income limits with a somewhat greater lag than at present.

"Although trying to use more recent data is generally a desirable approach, in this particular case it does not outweigh the combined advantages of a publication date that is predictable, and one that makes income limits available to the housing industry slightly before the year to which they apply," the letter stated. "Moreover, the underlying ACS data necessary to compute income limits has become available with increasing delays, causing limits to be published later and later under the current methodology, with the result that 2011 income limits were not published until May 31, 2011."

Of the many uses to which income limits are put, a primary example is establishing eligibility and rents for units under the Low Income Housing Tax Credit (LIHTC) program. In existing LIHTC properties, it typically takes one to two months' lead time to provide tenants with adequate notice and implement rent changes. Thus, in 2011 rents were not changed to conform to the new income limits until half the year had passed, negating much of any advantages that may have been obtained by waiting until 2011 income limits could be based on 2009 ACS data.

"This makes it particularly difficult to make decisions about allocating LIHTCs to new projects and underwriting financing for the projects while the income limits, which set maximum revenue for the project, are not available," the letter noted.

In addition, the current uncertainty about when income limits will become available can have material effects on the ability of projects to move forward once they have received an LIHTC allocation.

The industry representatives strongly supported a set publication date for income limits. "We recommend that HUD establish a publication date of October 1 for income limits, if feasible, but we would also consider a predictable date of December 1 superior to the current system which has been marked by substantial and unpredictable delays in recent years," the letter said.

The organizations also urged HUD to retain statutory requirements to publish FMRs on October 1 and to provide a 30-day comment period for stakeholders.

In addition to NAHMA, the letter was signed by the Council for Affordable Rural Housing, the Institute of Real Estate Management, the National Apartment Association, the National Association of Home Builders, the National Leased Housing Association, the National Housing & Rehabilitation Association and the National Multi Housing Council. **NN**

Small Area FMRs Could Replace Metro Area FMRs for Difficult Development Areas

On October 27, HUD published the "Statutorily Mandated Designation of Difficult Development Areas and Qualified Census Tracts for 2012" in the Federal Register.

This document designates "Difficult Development Areas" (DDAs) for purposes of the Low-Income Housing Tax Credit (LIHTC). HUD makes new DDA designations annually. The designations of "Qualified Census Tracts" (QCTs) under the LIHTC published October 6, 2009, remain in effect.

In addition, HUD is seeking public comment on whether it should use Small Area Fair Market Rents (FMRs), rather than metropolitan-area FMRs, in future designations of metropolitan DDAs. NAHMA is reviewing this proposal with its Regulatory Affairs Committee. A copy of the DDAs and QCTs for FY 2012 may be found at www.gpo.gov/fdsys/pkg/FR-2011-10-27/pdf/2011-27817.pdf.

The Quest to Harmonize Rental Program Requirements

In late July, NAHMA staff participated in a stakeholder meeting at the White House on aligning administrative requirements for federal affordable rental housing programs. During this meeting, the Administration requested comments on its "Rental Policy Working Group Federal Rental Alignment Opportunities—Conceptual Proposals," which had been recently drafted.

The report resulted from ongoing conversations between the White House and the Rental Policy Working Group (RPWG), which comprises various federal, state, local and private-sector stakeholders—including NAHMA—and is looking at ways to better align and utilize affordable rental housing programs administered by HUD, USDA and Treasury/IRS.

NAHMA's comments are summarized below.

LAUNCH-READY "ALIGNMENT PILOT" PROPOSALS

The first proposal is a pilot to **reduce physical inspections** to one federally-sponsored visit. These streamlined inspections would use standardized sampling sizes, intervals and inspector qualifications. The pilot would be implemented in six states—Michigan, Minnesota, Ohio, Washington and Wisconsin.

The pilot would expand REAC to be used for all Uniform Physical Condition Standards (UPCS) inspections on federally-assisted properties or adjust REAC input methods to allow for non-REAC inspections to be "read" in the system. The pilot program would be initially for six months. The Obama Administration believes this change will save the government $440,000 and will save private parties up to $18 million in the first year of the pilot.

NAHMA offered the following thoughts on the proposed pilot program:

- There is a strong public policy argument in favor of finding a common methodology to conduct and evaluate inspection results for combined-funding properties. NAHMA strongly urged the RPWG and participants in the pilot program to continue working toward standardization.
- Establishing an inspection frequency of *not less than once every three years* is the appropriate standard. Under REAC, this standard allows HUD to focus limited resources where they are most needed while *incentivizing high-performance for assisted properties*.
- State HFAs will take the lead on inspections for combined funding properties with LIHTCs. Although NAHMA is excited about the pilot program, it believes that owners' participation should be voluntary. However, remarks from Administration officials at NAHMA's October membership meeting suggested owners would not have the right to choose whether to participate.
- The RPWG correctly noted that participating properties would need immediate waivers of current regulations. NAHMA strongly agrees that "the property should be held harmless by the funding agencies while the pilot is active."
- NAHMA is concerned about the potential impact of one possible solution offered to address the challenge in selecting a representative sample of assisted units for inspection on combined funding properties. The report suggests HUD, IRS and USDA could adopt policies "such that a compliance issue found in a statistically valid sample of all federally-assisted units would apply to each assisted unit, regardless of funding source, and thus each agency would be authorized to take enforcement against the units assisted under its program (even if those units were not the actual units inspected)." NAHMA is concerned that if this policy is adopted, owners might be unduly penalized for resident-caused deficiencies beyond their control.
- Finally, NAHMA is concerned by statements in the report which suggest all of the thought and energy invested in the inspection alignment program may only result in "best practice" recommendations. If standardization is the goal, "best practice" recommendations are extremely unlikely to meet such expectations.

The second proposal is a pilot to **improve and reduce subsidy layering reviews** (SLRs) by requiring HUD and USDA-RD to enter into state-level memorandums of understanding (MOUs) with HFAs to identify standard procedures for SLR delegation and information sharing. The pilot would be implemented in seven states—Michigan, Nevada, North Carolina, Ohio, Pennsylvania, South Carolina and Wisconsin. NAHMA anticipates the pilot's results will improve transaction completion time and reduce the risk of closing delays. NAHMA may offer additional comments on the SLR alignment at a later date. In the meantime, it looks forward to the pilot's launch and is eager to review the results once completed.

ASSET MANAGEMENT PROPOSALS

The RPWG is considering four asset management proposals to help align and utilize affordable rental housing programs. These proposals are not "launch-ready," unlike the pilots to reduce physical inspections and improve SLRs. Legislation and updated rulemaking may be needed to make many of the recommended changes. The asset management proposals under consideration include:

- Streamlining the definitions of income and compliance reporting requirements between federal government agencies and state entities like HFAs;
- Creating a single fair housing MOU for HUD, USDA, Treasury/IRS and the Department of Justice;
- Harmonizing the audit exemption requirements for USDA-RD Section 515 and HUD Section 8 properties; and
- Providing a standard form for financial statement submission and standard audit guidelines for housing programs administered by HUD, USDA and Treasury/IRS.

NAHMA strongly urges the RPWG to pursue alignment of varying definitions of income, as well as ways to reduce state-to-state variability in compliance requirements. NAHMA is also intrigued by the concept of a single tenant income form for all federal programs.

NAHMA also notes that the primary focus of the rental harmonization effort is to identify administrative and/or regulatory solutions that will enable federal affordable housing programs to work better when they are combined on the same property. This alignment report, however, also describes solutions which may require statutory changes.

One such item under consideration is grandfathering in-place HUD and USDA-RD tenants whose incomes exceed 60 percent of AMI when LIHTCs are used to preserve or rehabilitate the property. NAHMA believes these tenants should be grandfathered according to the rules which originally permitted their occupancy.

NAHMA notes that another serious conflict requiring a statutory change is the treatment of students under the different federal affordable housing programs. NAHMA strongly urged the RPWG to propose a single occupancy standard for adult student households which would apply across HUD, RD and LIHTC programs.

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DEVELOPMENT PROPOSALS

The Administration has a number of development alignment proposals under consideration, including:

- Creating a single capital needs assessment template for HUD, USDA and Treasury/IRS;
- Creating common energy efficiency standards for single and multifamily housing between the Department of Energy, HUD, USDA and Treasury/IRS;
- Providing a single appraisal primer for affordable properties assisted by HUD, USDA and Treasury/IRS;
- Aligning existing USDA-RD market study standards to conform to HUD Multifamily standards to create a unified federal standard which can be made available to HFAs as best practices; and
- Improving interagency access to HUD's 2530/APPS system for owner default information.

NAHMA agrees that promoting energy efficiency in affordable rental properties is an important public policy goal. However, as energy efficiency and capital needs assessment recommendations materialize, NAHMA requests that RPWG proposals ensure:

- New energy efficiency standards do not impose significant administrative burdens and costs to the property owners and agents; and
- The standards and any forthcoming capital needs assessment model are based on proven cost and consumption measures.

In addition to the recommendations NAHMA offered on specific alignment proposals, it also strongly urged the Administration to use this unique interagency effort to:

- Keep regulations for affordable multifamily housing programs current, easy to understand and fully transparent;
- Discourage excessive focus over the processes stakeholders must use to demonstrate regulatory compliance; and
- Place an emphasis on the "reduction" component of the Paperwork Reduction Act as it applies to multifamily forms and information collections.

ADDITIONAL INFORMATION ON ALL PROPOSALS

For a summary of the alignment proposals, including estimated administrative and cost savings please see: www.HUDuser.org/portal/aff_rental_hsg/Matrix_of_Alignment_Proposals.pdf.

For a copy of NAHMA's comments, go to the website at www.nahma.org under Legislative News, Rental Policy Working Group. **NN**

Fall Meeting Focuses on Regulatory Riddles

TOP: This year's grand-prize winner in the Drug-Free Kids Calendar Poster Contest, Jordan Butler, stands proudly by his poster.
ABOVE: HUD Regulatory Forum
BOTTOM: Keynote speaker Carl M. Cannon addresses the audience.

WITH THE FEDERAL BUDGET DISCUSSIONS FOR FISCAL YEAR 2012 FINALLY UNDERWAY, as well as regulatory proposals in mid-review, the fall 2011 NAHMA meeting on regulatory issues, held October 23-25, proceeded with a sense of urgency.

NAHMA members participated in a forum on HUD regulatory issues, including TRACS and Contract Administrator (CA) issues, as well as topics ranging from funding, preservation, REAC, APPS, occupancy, the PBCA rebid status, and compliance initiatives. There was also a well-attended panel discussion on the White House Rental Policy Harmonization Initiative (see article on page 14), as well as a Combined Policy Meeting of the Regulatory Affairs and Federal Affairs Committees, which included a discussion of policy issues related to all federal housing programs.

The luncheon keynote speaker was Carl M. Cannon, Washington editor of *Real Clear Politics*, and former executive editor of PoliticoDaily.com, former D.C. bureau chief for *Reuter's Digest* and staff reporter for the *National Journal*.

Numerous committee meetings were held, and the AHMA executive directors and presidents held two idea swaps as a way to bring issues in the field to the fore.

This doesn't mean participants didn't have a good time in the nation's capital. In addition to networking, socializing and getting in a little taste of being a tourist, attendees rallied to support the NAHMA Educational Foundation at its annual reception and poster auction, and were treated to a reception hosted by the Wells Fargo Insurance Group, which has created a new insurance program for NAHMA members (see article on page 21). **NN**

Outgoing and Incoming NAHMA Board Members

NAHMA wishes to thank the following outgoing NAHMA board members for their commitment and enthusiasm:

John Grady
Nancy Hogan

NAHMA is pleased to welcome new board members:

Raquel Guglielmetti (re-elected to second term)
Michael Simmons
Angie Waller

Thanks to Foundation Board Members

NAHMA wishes to thank outgoing NAHMA Educational Foundation board member John Grady for his enthusiastic commitment to the Foundation's work, and welcome new NAHMA Foundation Board Member Nancy Hogan.

Kudos to Hard-Working Committee Leaders

As always, NAHMA wants to thank all of its committee chairs and vice chairs for their thoughtful consideration of new ways to approach their respective areas of concern.

A SPECIAL THANKS TO FALL MEETING SPONSORS

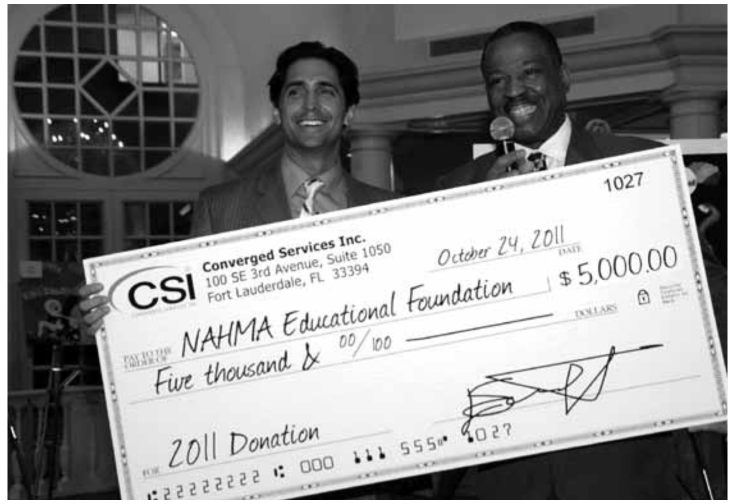
NAHMA wishes to thank the following companies for their sponsorship of the 2011 fall meeting:

Platinum Sponsors
HD Supply Multifamily Solutions
RealPage
Wells Fargo Insurance Services
Yardi

Gold Sponsor
Converged Services, Inc.

Silver Sponsors
Integrated Property Management Software
Kroll Factual Data

Bronze Sponsors
Boston Post
Dauby O'Connor & Zaleski, LLC



TOP: Jason Scutt from Converged Services Inc. presents a $5,000 donation to NAHMA's Educational Foundation.

ABOVE: David Durik, CEO of Indatus and Affiliate Committee Chairman, introduces participants to the Affiliate Committee Panel on Internet Marketing.

LEFT: HUD staff update members on the latest issues.

New Report Confirms Worst Fears for Renters

The Joint Center for Housing Studies of Harvard University recently issued a major study showing that long-term increases in rental housing prices and utility costs—combined with stagnant or falling incomes—are escalating affordability pressures for U.S. renters.

Entitled *AMERICA'S Rental Housing: Meeting Challenges, Building Opportunities*, the report notes that, "Rental markets are now tightening, with vacancy rates falling and rents climbing. With little new supply of multi-family units in the pipeline, rents could rise sharply as demand increases."

Maintaining an adequate supply of affordable rental housing is important because nearly all Americans rent at some point in their lives. While renters reflect the diversity of the nation, they are more likely to be young, single, and low-income, which makes them particularly sensitive to increases in housing costs, according to the MacArthur Foundation-supported report.

"Over the course of the last decade, rental housing affordability problems went through the roof, with more renters spending half or more of their income on their housing costs, and these affordability problems are marching up the income scale," said Eric Belsky, the Center's Managing Director and an author of the report.

DEMAND WILL INCREASE

Between 2010 and 2020, the number of renter households could increase by 360,000-460,000.

Given the long lead time required to replace depleted affordable rental housing, such a sharp increase could quickly reduce vacancy rates and put further upward pressure on rents.

While new rental units are needed to meet this uptick in demand, preserving current rental stock remains integral to meeting the overall rental housing needs, particularly for low- and moderate-income households.

The challenge for policy makers will be to do more with less, as the growing need for affordable rental housing confronts the stark realities of federal budgetary constraints. To help meet this challenge it will be particularly important for all levels of government to foster an environment that supports efforts by the private sector to help meet the nation's need for affordable, good quality rental housing, the report said.

While new rental units are needed to meet this uptick in demand, preserving current rental stock remains integral to meeting the overall rental housing needs, particularly for low- and moderate-income households.

A FEW FACTS

A few research results from the report include:

- Starts of both single-family and multifamily housing intended for the rental market averaged about 300,000 units annually from 1995-2004. As the housing market crash and recession took hold, starts fell to about 230,000 units a year in 2005, and then to just over 100,000 in 2009.
- The financial market crisis severely curtailed multifamily lending. The only net additions to outstanding multifamily debt since 2008 have come from Fannie Mae, Freddie Mac, and the Federal Housing Administration (FHA), while the volume for all other financing sources combined dropped by 40 billion.
- New construction mostly serves the upper end of the rental market. The median asking rent of new unfurnished apartments was $1,067 in 2009 while that for all rental housing was $808. Fully a third of all new apartments rented for $1,250 or more, compared with only 14 percent of all occupied rental housing.
- Fully 6.3 percent of the rental stock in 1999 was permanently lost by 2009. With 37.4 million occupied or vacant rental units in 1999, this equates to 2.4 million lost units.
- Rental housing losses were much higher among low-cost units. In 1999-2009, 12 percent of low-cost rentals were permanently removed from the stock.
- The share of renters facing severe cost burdens (those spending more than 50 percent of income on rent and utilities) have reached all-time highs—from 2.6 million over the last decade to 10.1 million—more than one in four renters. Also, the number of moderately cost-burdened renters (those spending 30 to 50 percent of their income on rent and utilities) rose from 20.5 percent to 26.2 percent, meaning that nearly half of all renters face at least moderate housing cost burdens.
- Despite appropriating more than $40 billion a year to housing and community development assistance and forgoing about $10 billion in tax revenues, the federal response is modest rela-

WORST FEARS FOR RENTERS,
continued from page 19

tive to the scale of the nation's rental affordability problems. Only about one in four eligible renters receives housing assistance, losses of affordable units are alarmingly high, three in five of lowest-income renters are severely cost burdened, and many poor neighborhoods suffer from disinvestment in the rental housing stock.

- Much of the property-based assisted housing was developed under older programs which are no longer funded to add additional rentals. These programs peaked in the mid-1990s when they accounted for 3.8 million affordable rentals. This type of housing dwindled and as of 2009, there were just 1.1 million public housing units and 2.0 million privately owned subsidized units.
- In the 1990s, housing vouchers became an important source of additional rental assistance. But growth in the number of vouchers stagnated by the middle of the 2000s. As of 2009, 2.1 million housing vouchers were in use, supporting only three out of 10 assisted-renter households.
- The most recent HUD study in 2000 found that only 69 percent of households awarded vouchers succeeded in finding apartments and using the subsidy.

The report notes that, to date, there has been a lack of political will to assemble the resources needed to keep these problems from worsening, let alone make serious strides toward their resolution.

In addition, opinions differ about how available resources should be used, what new programs, if any, should be created, and how existing programs should be reformed. How these differences are reconciled and how programs are reformed and funded will critically influence how rental housing moves forward.

For a copy of the report, go to www.jchs.harvard.edu and search under Publications. **NN**

NAHMA and Wells Fargo Announce New Insurance Program

It's official: property owners and managers now have a new option for protection against catastrophic perils at a competitive price thanks to the recently launched insurance program offered by Wells Fargo Insurance Services USA, Inc. (WFIS). Designed to meet the specific needs of the affordable housing industry nationwide, the Multifamily Affordable Housing Insurance Program (MAHIP) was developed with the input of industry leaders, and it is endorsed by NAHMA.

"As the NAHMA Board went through an exhaustive process to consider endorsing a national insurance program, it took into consideration such important elements as the broker's experience and expertise, its capacity to solve some of the critical exposures our industry faces (cost being key, but delivering solutions to wind, earthquake and flood perils, among others), its ability to serve NAHMA members nationwide, and its understanding of—and commitment to—the multifamily affordable housing industry," said NAHMA Executive Director Kris Cook, CAE.

Megan Davidson from Wells Fargo Insurance Services presents the new insurance program.

"MAHIP will allow members to better manage their insurance costs and risks while saving dollars, so they can focus precious operating resources on additional priorities. In addition, members may even access MAHIP through their existing insurance broker, as well as receive credit via additionally discounted premiums for their NAHMA-recognized Communities of Quality®."

The program is administered out of Wells Fargo Insurance Services in Seattle, WA where submissions may be made direct, or via approved sub-brokers.

For more information on the program, contact Megan Davidson at WFIS at megan.davidson@wellsfargo.com. **NN**

2012 Scholarship Application Available Online

WAYNE FOX, CHAIR OF THE NAHMA Educational Foundation, recently announced the release of the 2012 NAHMA Foundation Scholarship Application. The application can be accessed by going to the NAHMA website at www.nahma.org and clicking on the NAHMA Educational Foundation icon and following the prompts from there.

Again in 2012, the application must be filed online and only the student's grade transcript is forwarded via U.S. Mail to Dr. Bruce W. Johnson, Scholarship Program Administrator, at the address shown in the information section. "The 2012 application has no substantive changes from last year," Fox said.

All interested students are encouraged to carefully review the information and timeline section and then be sure to submit the application form, essay, two references, Certification of Residency in Good Standing and an official grade transcript.

The web-based application provides an easy-to-follow series of windows and feedback as to which sections of the application have been completed and received by the Foundation. The deadline date for submission of completed applications is May 18th, 2012 at 10:00 PM EST. It is important for applicants to know that grade transcripts must reflect fall 2011 grades, and that references must be current (written not more than 90 days prior to the deadline date for completed applications).

The Foundation strongly encourages AHMAs and management companies to make their residents aware of the application's availability. In 2011, the Foundation awarded 30 scholarships worth a total of $34,500. In its five-year history, 179 scholarships worth more than $179,000 have been awarded. Anyone with questions can contact Dr. Bruce W. Johnson at bwjec@comcast.net.

Help your residents take advantage of this worthwhile and successful program—make them aware of it today! NN

Calendars Perfect for Holiday Gift-Giving

FOR AN AMAZING 25-YEAR RUN, THE "AHMA DRUG-FREE KID" poster art and calendar contest has resulted in an outstanding calendar that will be the perfect gift for your family members, friends, staff and residents. They look good, and they do good, too.

Proceeds help to support the NAHMA Educational Foundation's scholarship program. Thus it's fitting that in addition to the drug-free message, this year's contest had a new sub-theme that reinforces the value of education. The theme was "Open Doors with Your Imagination," and the subtheme was "Explore the Magical World of Books and Reading."

Why order the calendars?

For just $5.50 each, you'll be spreading a positive message all across the country. You'll bring a thrill to the artists whose work appears throughout the calendar. You'll have a reminder when next year's contest comes along – and perhaps one of your young residents will receive a scholarship of $2,500 from the NAHMA Educational Foundation, as well as a trip to Washington, DC, to be honored at NAHMA's Fall Meeting in October 2012.

Sale of the calendars is also NAHMA's major fundraiser, enabling the organization to continue its work on behalf of its members and the families they serve. And because of the important anti-drug message conveyed by the calendars, purchasing them is a HUD- and RHS-allowable expense! You may also earn points in your state's tax credit Qualified Application Process.

And, finally, you have the chance to win! By ordering by November 18, you enter NAHMA's Lucky Draw for free prizes that include free NAHMA meeting registrations (worth $340-$575 each), American Express gift cards (worth $100 each), and others. The drawing for prizes will be held on December 16.

Order your NAHMA calendar today via the order form contained in this issue of *NAHMA News*, by going to NAHMA's website store at www.nahma.org/store or by calling NAHMA at 703-683-8630, ext. 15 for a faxable order form.

Your purchase of the AHMA Drug-Free Kid calendar is a gift that keeps on giving—surely the best kind of gift there is. **NN**

NAHMA and HD Supply Announce New Member Benefit

In late October, NAHMA and HD Supply Multifamily Solutions (HD Supply) announced the launch of a new NAHMA-AHMA Member Benefit Program, through which HD Supply will provide opportunities for training to NAHMA and AHMA members, as well as discount pricing as a benefit of NAHMA-AHMA membership.

"NAHMA has named HD Supply a preferred provider of multifamily maintenance supplies and fabrication and renovation services due to its well established reputation for highly competitive pricing, industry leading services, and an ability to provide excellent quality inventory quickly," said NAHMA Executive Director Kris Cook, CAE.

With more than 22,000 items and free, next-day delivery on most items to most areas, HD Supply Multifamily Solutions is an excellent source for maintenance supplies and fabrication and renovation services. With 500 account representatives serving more than 130 markets, HD Supply provides personal service backed by the strength of a national company.

"HD Supply has been a strong supporter of our organization and members for many years, and this new relationship and program will allow NAHMA and the local AHMAs to strengthen as they continue to support their members," Cook said.

"HD Supply has rapidly expanded throughout the country to become the dominant supplier to our industry," commented Walt Morgan, HD Supply National Account Manager. "With its financial strength, HD Supply is able to secure excellent pricing for its clients as well as offer customer service, special orders, installation and technical support services."

SPECIFIC BENEFITS

Under the new NAHMA-AHMA Member Benefit Program, HD Supply will:

1. Provide NAHMA and local AHMA members with the lowest catalog price regardless of order quantity. The lowest catalog price represents an average **14 percent savings** off of current pricing.

2. Contribute to AHMA and NAHMA education, training and scholarship program funds in the amounts of 2 percent of net purchases to the local AHMA and 1 percent of net purchases to NAHMA, based on net purchases by properties not currently enrolled in an HD Supply partnership agreement.

3. Provide unlimited access to its online maintenance courses. These courses cover topics such as appliance repair, HVAC repair, pool maintenance, plumbing repair, electrical repair and make-ready maintenance.

4. Provide one in-person classroom training at no cost to any AHMA whose members collectively spend $300,000 over the course of a year. An AHMA that collectively spends $750,000 will receive two in-person training classes per year.

To launch the program, HD Supply will assign a company representative to each AHMA as the main point of contact. The HD Supply representatives will assist AHMA executive directors and presidents in rolling out the new program to maximize benefits to the AHMAs and their members, as well as identify other ways in which HD Supply could help support the AHMAs' programs and activities.

To order from HD Supply, call 1-800-431-3000 or visit hdsupplysolutions.com.

For questions on the program, please contact: HD Supply National Account Manager Walter Morgan, at walter.morgan@hdsupply.com or 919-225-6066. **NN**

Important Notice: *Although this discount program benefits the educational and scholarship programs of NAHMA and the AHMAs, and therefore residents of low-income housing, nothing in this program alters the regulatory requirements of particular projects with regard to the appropriateness and pricing of items acquired.*

Master Class

In-depth Training on HUD Compliance

Spokane, WA • November 8
Houston, TX • December 6
Ft. Worth, TX • December 8

2012
Honolulu, HI • January 26

"I really liked the class and found the material very helpful. I have not worked with BBRI too much in the past but after taking this class I feel more confident."
Valli Sears-Jones,
Director of Asset Management, HUD

Mark your Calendars!

All too frequently management agents and property owners "leave money on the table" when renewing their Housing Assistance Payment (HAP) contracts. By attending this training you will discover how to avoid this common problem. You will learn which Renewal Option best maximizes your property's rents, the requirements for a budget based rent increase submission, Reserve for Replacement account analysis preparation, Rent Comparability Study review and how pending changes to the Section 8 Renewal Policy Guide could impact your property. This comprehensive training is beneficial to property supervisors, PBCA staff, accountants, owners, and management agents.

Don't miss out on the opportunity to maximize your rent's properties! Sign up now to register for a Master Class coming soon to an area near you! For more information, contact (360) 616-7262 or visit our website at www.contractmgmt.org.

USDA-RD posted a number of documents and policy updates regarding rural multifamily housing to the web. They include: USDA-RHS PowerPoint Presentation "Welcome to the World of Rental Assistance (available at www.nahma.org in the Member section), which provides an overview of the USDA-RHS Section 521 Rural Rental Assistance Program; Procedure Notice 452—Revision of Methodology and Formulas for Allocations of Loan and Grant Program Funds (see www.rurdev.usda.gov/regs/pn/pn452.html), with attachments and exhibits reflecting funding for FY 2011; and several unnumbered letters issued in October and November (see www.rurdev.usda.gov/SupportDocuments/uloctober11.pdf and www.rurdev.usda.gov/SupportDocuments/ulseptember11.pdf).

HUD ANNOUNCES NEW TENANT RESOURCE NETWORK FOR SECTION 8 PRESERVATION

HUD RECENTLY PUBLISHED A NOTICE of Funding Availability (NOFA) for the Tenant Resource Network Program (TRN), a new program which HUD believes will facilitate the preservation of projects with Project-based Section 8 Rental Assistance at risk of loss.

TRN considers projects at risk upon occurrence of one of the following events: an FHA insured or direct mortgage maturity date within 24 months of the publication of the NOFA; an owner election to opt-out filed no more than 12 months prior to publication of the NOFA; a notice of prepayment filed no more than 12 months prior to publication of the NOFA; or the receipt of two consecutive Below 60 REAC scores (not yet under abatement), with the most recent score issued no more than 12 months prior to the publication of the NOFA.

TRN is designed to inform, educate and engage tenants regarding their rights, responsibilities and options in the event their housing is impacted by one of these events.

The NOFA announces the availability of approximately $10 million for tenant outreach at projects defined by HUD as TRN-eligible. Eligible applicants are non-profits with a minimum of five years of tenant outreach and organizing activities.

Eligible projects qualified for TRN grantees are published with the NOFA. Although projects will be selected by HUD as eligible under the program, they will not necessarily be selected by TRN grantees to perform eligible activities.

The NOFA can be found at http:portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/nofa11/2011TRN or http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail.

HUD NEWS

THE OPERATING COST ADJUSTMENT FACTORS (OCAF) FOR 2012 were updated in iREMS on Nov. 3, 2011. These factors are used for adjusting or establishing Section 8 rents under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA), as amended, for projects assisted with Section 8 Housing Assistance Payments. The factors are effective February 11, 2012, and can be found at www.gpo.gov/fdsys/pkg/FR-2011-10-26/pdf/2011-27816.pdf.

ON OCTOBER 21, HUD PUBLISHED NOTICE H 2011-30, "USE OF RESERVE FOR REPLACEMENT ACCOUNTS IN RESTRUCTURED MARK-TO-MARKET (M2M) PROPERTIES." The Notice specifies requirements governing the use of the Reserve for Replacements account that arise from the M2M program restructuring, including a HUD multifamily property's debt and rents. In general, owners of M2M restructured properties are required to utilize the Reserve for Replacements account as the primary source for capitalized expenses, due to specific M2M requirements. A copy of the Notice may be found at http://portal.hud.gov/hudportal/documents/huddoc?id=11-30hsgn.pdf. NAHMA is currently reviewing the Notice in conjunction with its Regulatory Affairs Committee and Reserve for Replacement Task force to develop an appropriate response to HUD.

ON OCTOBER 26, HUD PUBLISHED THE "ANNOUNCEMENT OF FUNDING AWARDS; Limited English Proficiency Initiative Program (LEPI), Fiscal Year 2010/2011." In July, HUD announced the availability of $650,000 to go to up to seven organizations to make HUD programs more accessible to LEP persons in local communities. This Notice announces six grant awards of approximately $100,000 each and one grant award of $50,000 for organizations to assist locally targeted LEP individuals. This announcement contains the names and addresses of those award recipients selected for funding based on the rating and ranking of all applications and the amount of the awards. A copy of the notice may be found here: http://www.gpo.gov/fdsys/pkg/FR-2011-10-26/pdf/2011-27668.pdf.

HUD RECENTLY PUBLISHED THE "NOTICE OF CERTAIN OPERATING COST ADJUSTMENT FACTORS FOR 2012." The Notice establishes operating cost adjustment factors (OCAFs) for project-based assistance contracts for eligible multifamily housing projects having an anniversary date on or after February 11, 2012. The U.S. average OCAF for 2012 is 1.8 percent. A copy of the notice may be found at www.gpo.gov/fdsys/pkg/FR-2011-10-26/pdf/2011-27816.pdf.

HUD RECENTLY PUBLISHED NOTICE H 2011-25, "ENTERPRISE INCOME VERIFICATION (EIV) & YOU BROCHURE—REQUIREMENTS FOR DISTRIBUTION AND USE." The Notice provides guidance to owners and management agents (O/As) on the distribution and use of the EIV & You brochure. Any O/A participating in one of multifamily housing's rental assistance programs listed in Section II is subject to this Notice. The EIV & You brochure is to inform tenants and potential tenants about the EIV system, the data that is available about them in EIV, how the information will be used and their responsibilities as tenants. A copy of the notice may be found at http://portal.hud.gov/hudportal/documents/huddoc?id=11-25hsgn.pdf.

IN SEPTEMBER, HUD PUBLISHED NOTICE H 2011-26, "COMBINED FISCAL YEARS 2010 AND 2011 POLICY FOR CAPITAL ADVANCE AUTHORITY ASSIGNMENTS, Instructions and Program Requirements for the Section 202 and Section 811 Capital Advance Programs, Application Processing and Selection Instructions, and Processing Schedule." The Notice transmits for FY 2010 and 2011 a number of changes to the Application/Selection Process, Processing Schedule, Allocation Charts and NOFAs for various programs, Rating Criteria Forms and more. A copy of the Notice may be found here: http://portal.hud.gov/hudportal/documents/huddoc?id=11-26hsgn.pdf.

ON OCTOBER 13, HUD RELEASED NOTICE H 2011-29, "IMPLEMENTATION OF TENANT PARTICIPATION REQUIREMENTS in accordance with 24 CFR 245 Subpart B and HUD Handbook 4381.5 REV-2 'The Management Agent Handbook.'" The Notice clarifies HUD's regulations governing tenant participation in multifamily housing projects. The Notice specifically addresses available sanctions and the use of civil money penalties as tools to enforce the department's commitment to tenant participation. NAHMA is currently analyzing the Notice, which may be found at http://portal.hud.gov/hudportal/documents/huddoc?id=11-29hsgn.pdf.

IN LATE SEPTEMBER, HUD PUBLISHED THE "FINAL FAIR MARKET RENTS for the Housing Choice Voucher Program and Moderate Rehabilitation Single Room Occupancy Program Fiscal Year 2012" in the Federal Register. The final FY 2012 FMR areas are based on current Office of Management and Budget (OMB) metropolitan area definitions and include HUD modifications that were first used in the determination of FY 2006 FMR areas, with changes incorporated through December 2009. The bedroom ratios developed using 2000 Census data continue to be used, and state minimums, calculated each year from the estimated FMRs, continue to be applied. A copy of the FMRs may be found at www.gpo.gov/fdsys/pkg/FR-2011-09-30/pdf/2011-25052.pdf.

ON SEPTEMBER 20, HUD PUBLISHED NOTICE PIH 2011-51, CPD 2011-09, "PROMOTING PARTNERSHIPS TO UTILIZE HOUSING AS A PLATFORM FOR IMPROVING QUALITY OF LIFE." The Notice outlines for Community Planning and Development (CPD) and Public and Indian Housing (PIH) grantees, including Public Housing Agencies (PHAs), suggested ways in which to forge partnerships with public and private agencies at the federal, state and local levels to promote resident connections to health care, education, employment and other social services in an effort to improve quality of life and provide a foundation for successful housing outcomes. The guidance applies to grantees and sub-grantees, including PHAs that receive funding through CPD or PIH grant programs. A copy of the Notice may be found at http://portal.hud.gov/hudportal/documents/huddoc?id=11-51pihn.doc.

ON SEPTEMBER 15, HUD POSTED NOTICE 2011-24, "REISSUANCE OF REVISED PROTOCOL FOR PLACING A FLAG IN APPS When a Property Receives a Physical Inspection Score Below 60 but Above 30." The Notice reissued the previously revised protocol and took effect as of Sept. 13, 2011. Hub/Program Center staff are not required to place a flag in the APPS system or when a property receives a physical inspection score below 60 but above 30 on the first inspection. A copy of the reissued Notice may be found at http://portal.hud.gov/hudportal/documents/huddoc?id=11-24hsgn.pdf. **NN**

BRIAN CARNAHAN

An Ally in Affordable Housing Compliance

THIRTEEN YEARS AGO, BRIAN Carnahan was fresh out of graduate school at Kent State when he started working as an intern at the Ohio Department of Development with the then-deputy director for community development. From there he took advantage of an opportunity to work on an urban revitalization task force, which he staffed, before being hired by the Ohio Housing Finance Agency (OHFA). At first he was working on special projects, and then moved into a couple different positions in development finance and then tax credit compliance.

In March 2006 he became OHFA's director of program compliance. It is in this role that he has come to have the most interaction with affordable housing owners and management agents.

A CRITICAL FINANCING SOURCE

OHFA is responsible principally for two programs: the Low Income Housing Tax Credit (LIHTC) program and the first-time homebuyer program. It also awards and administers significant gap financing for multifamily developments through the Housing Development Assistance Program (HDAP), which provides financing for eligible affordable housing developments to expand, preserve and/or improve the supply of decent, safe, affordable housing for very low- to moderate-income persons and households. HDAP offers both gap financing for tax-credit as well as for other rental and homeownership developments. Federal HOME funds and Ohio Housing Trust funds provide HDAP funding.

OHFA also administers the Housing Investment Fund, which makes grants and loans to innovative housing producers. They also handle "hardest-hit" funds, now known as *Restoring Stability: A Save the Dream Ohio Initiative*, which is a comprehensive, statewide plan to help stem foreclosures.

For rental properties financed through an OHFA loan and/or housing credits, Carnahan's office is the principal resource for property owners' compliance officers. Through its website and training program, the Office of Program Compliance helps owners/management agents (O/As) meet reporting requirements, maintain regulatory compliance, and ensure projects' ongoing financial viability.

"We want affordable housing providers to avoid corrective actions that might lead to reduced access for future funding applications, the recapturing of funds or tax credits, holds on project funding or HUD investigations or IRS audits," Carnahan said.

DIRECT ACCESS TO O/AS

Carnahan and all of the predecessors in his position have been involved with Midwest AHMA (MAHMA). As a member of MAHMA's board of directors, Carnahan brings the perspective of somebody in administrative compliance who can share what he's picking up from IRS, HUD and other agencies. "It helps for our intended customers to know what these agencies are thinking about affordable housing issues," he said.

He recognizes that O/As face a lot of challenges. "We're certainly seeing lots of issues regarding operating costs at current properties, as well as utility concerns, tax concerns and challenges at the underwriting stage. We are also closely monitoring the situation of tax credit communities in extended use, which we want to be viable for another 15 years."

Then there's the sheer complexity of the programs. "Owners usually need multiple sources of financing which makes for a daunting compliance issue for owners and also complicates our oversight," he said. "And the uncertainty of affordable housing funding is a concern we're all paying close attention to."

Carnahan appreciates his involvement with MAHMA and with NAHMA. "Through MAHMA and NAHMA, my staff and I have the opportunity to interact with O/As of affordable housing properties and get their perspectives on how our agency can help solve their problems and how we can work together. We try to foster collaboration while also getting a lot of insight into what management companies and owners are thinking about."

Carnahan's office and all of OHFA also represent the interests of O/As to local, state and federal officials. "As an agency we regularly meet with legislators and others to ensure that their questions are answered and that any information they need is available," he said.

"Hopefully it's clear to owners and managers that they're not facing their concerns alone, even if those concerns aren't impacting this agency and staff in the same way they impact the O/As," Carnahan said. "I urge all owners and managers to establish contact with their state agencies, if they haven't already, so that they have access to others who share their concerns and can work with them to solve problems." **NN**

EDUCATION CALENDAR

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

DECEMBER

2
Holiday Luncheon & Business Meeting
Philadelphia, PA
Gerri Aman
(856) 786-2183

7
Occupancy Update
Las Vegas, NV
Debbie Hawkins
(805) 557-1088

9
HUD Audit
Los Angeles, CA
Debbie Hawkins
(805) 557-1088

12
Basic HUD Occupancy
Long Beach, CA
Debbie Hawkins
(805) 557-1088

13
Basic Tax Credit
Long Beach, CA
Debbie Hawkins
(805) 557-1088

13–16
RAM
Atlanta, GA
Betsy Eddy
(404) 691-3337

14–16
CPO
Long Beach, CA
Debbie Hawkins
(805) 557-1088

JANUARY

4
Basic Tax Credit
RI
Julie Kelliher
(781) 380-4344

17
FHC
Long Beach, CA
Debbie Hawkins
(805) 557-1088

19
EPA Lead Paint Training
MA
Julie Kelliher
(781) 380-4344

FEBRUARY

7
Preparing for MOR Review
TBD
Julie Kelliher
(781) 380-4344

8
FHC
Boston, MA
Julie Kelliher
(781) 380-4344

9
LIHTC File Audit
TBD
Julie Kelliher
(781) 380-4344

13–14
AZ Annual Seminar
Phoenix, AZ
Debbie Hawkins
(805) 557-1088

14–16
CPO
MA
Julie Kelliher
(781) 380-4344

15–16
2-Day OSHA
MA
Julie Kelliher
(781) 380-4344

16
Reasonable Accommodations
Worcester, MA
Julie Kelliher
(781) 380-4344

NV Annual Seminar
Las Vegas, NV
Debbie Hawkins
(805) 557-1088

21–23
GA State Meeting
GA
Betsy Eddy
(404) 691-3337

21
RI Quarterly Meeting
RI
Julie Kelliher
(781) 380-4344

22
MA Quarterly Meeting
MA
Julie Kelliher
(781) 380-4344

23
CT Quarterly Meeting
CT
Julie Kelliher
(781) 380-4344

Manager's Roundtable
Los Angeles
Debbie Hawkins
(805) 557-1088

MARCH

7
Basic Occupancy
Worcester, MA
Julie Kelliher
(781) 380-4344

8
LIHTC Determining Income
MA
Julie Kelliher
(781) 380-4344

13
Basic Occupancy
San Diego, CA
Debbie Hawkins
(805) 557-1088

13–15
CPO
CT
Julie Kelliher
(781) 380-4344

14–15
SHCM
Los Angeles, CA
Debbie Hawkins
(805) 557-1088

14–16
SC State Meeting
SC
Betsy Eddy
(404) 691-3337

20–21
SHCM 1½ Day Prep Course/Exam
Boston, MA
Julie Kelliher
(781) 380-4344

20–22
MS State Meeting
MS
Betsy Eddy
(404) 691-3337

21
Fair Housing for Maintenance
Long Beach, CA
Debbie Hawkins
(805) 557-1088

Fair Housing for Managers
Long Beach, CA
Debbie Hawkins
(805) 557-1088

22
Occupancy Training
PA
Chuck Scalise
(814) 453-3333

Assets 101/201
Worcester, MA
Julie Kelliher
(781) 380-4344

23
Fair Housing On-Site Practices ½ Day
MA
Julie Kelliher
(781) 380-4344

26–28
AL State Meeting
AL
Betsy Eddy
(404) 691-3337

Once-Reluctant, Now Enthusiastic Practitioner

LON CLAEYS' MOTHER, FATHER and stepfather all worked in affordable housing management for about 40 years each, so following in their footsteps was "the farthest thing in my brain after listening to them talk about their headaches after a long day," he said.

Instead, Claeys went to the University of Iowa where he majored in business management. He then joined the Army, where he served for four years before then joining the National Guard, where he devoted another nine years.

During this time he married and was raising three sons, so he began working on properties managed by the companies his parents worked at and also some owned by other management companies. He specialized in apartment turnarounds and spent 16-and-a-half years doing repairs and "anything else that needed to be done" at various apartment sites.

Then, he fell off a roof. "I busted myself up pretty badly," he said. He required multiple surgeries and a long recuperation period, which gave him time to wonder if this was what he really wanted to be doing at 55. His stepfather, Terry Burns, was considering retirement and posted a job for someone he could mentor into the position. Claeys applied and was hired. "I went in with my eyes wide open about what this job requires of you," he said. He worked under his stepfather for two years before the retirement came about in 2008. Claeys then took over as vice president of the company, Midstates Development.

FINDING STRENGTH IN NUMBERS

Midstates is a relatively small company, with about 1,300 units of mainly Project-based Section 8, along with three conventional and one tax credit property, mostly in small towns in Iowa and Nebraska. That doesn't mean Claeys doesn't experience the same trials and tribulations as those managing bigger companies. He oversees the entire operation, being the broker for the company while also dealing deals with legal and fair housing issues, insurance, billing and a multitude of other tasks.

His father had been one of the founders of the Iowa/Nebraska AHMA (IA/NE AHMA). When he took over the role of vice president at Midstates, Claeys was prompted to get involved with the AHMA as well. "I got on the board primarily to fill vacancies, and then had a meteoric rise to the presidency," he said. His goal, along with the board and staff, is to rejuvenate the AHMA—increase the membership, involve local HUD and other officials and increase the number of educational and other offerings to members.

"I'm new at this and excited about it," he said. "These are unique and trying times, and I want our members to understand that, in flyover states such as Iowa and Nebraska, you really don't have a voice unless you have a collective voice."

EXTENDING OUTWARD

Claeys went to his first NAHMA meeting in 2010, and he quickly realized that 50 voices from 50 states has a lot more power than a single voice in Sioux City. "It was therapeutic for me to talk to people in my same position," he said. "I'm busy, too; everybody is. I needed to find out if the AHMA was an organization that was worth my time and other people's time, and I came back with: absolutely. So I'm willing to throw in extra hours and effort to make it what it should be."

In addition, Claeys became aware of how important it is to be part of NAHMA's voice on Capitol Hill and within the regulatory agencies. He got some comfort knowing that many other property owners and managers face the same issues and are working together to make the regulatory burden more realistic.

Claeys recognizes that the brunt of the effort is on the shoulders of the AHMA's executive director, Deb Lenhoff. "I couldn't run this company and be president of the AHMA without Deb. She is an invaluable asset to the success of this organization.

Claeys is enthusiastic about what a revitalized AHMA will look like and accomplish in the future, and what they will be able to do in league with NAHMA. Meanwhile, in his private life, he and his wife of 18 years are raising their teenaged sons, and he likes to golf and is a distance runner. "I'm still a little wet behind the ears as a corporate vice president and an AHMA president, but I'm sure to get up to speed quickly," he said. "I try to surround myself with people who have enthusiasm and a similar vision." **NN**

"I want our members to understand that, in flyover states such as Iowa and Nebraska, you really don't have a voice unless you have a collective voice."

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PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword BY SCOTT REITHEL, NAHP-e

Second Year as President Begins on a High Note

NOVEMBER 1ST MARKED THE beginning of my second year as NAHMA's board president. The first year has been full and fascinating, and I'm grateful that Year Two begins just after the most recent NAHMA fall meeting.

To say the meeting was a great success would be an understatement. It was well attended. The committees delved into the complex work that they do with gusto. We had productive meetings with HUD and other federal agency staff, the outcomes of some of which you will read about in this issue of *NAHMA News*. A record $71,000 was raised for the NAHMA Educational Foundation via the annual poster art auction and related groups—and I'd like to give a special shout-out to Converged Services, Trash-Pro and PennDel AHMA, each of which made significant contributions that pushed that total to this new high water mark.

The board of directors again had a productive session and is in the process of preparing for its upcoming strategic planning session, which will be held in January 2012. I'd like to give a special note of thanks to our outgoing board members Nancy Hogan and John Grady, who served us so well over the years. I'd also like to say how much I look forward to continuing to work with Raquel Guglielmetti, who was elected to a second term, as well as the rest of the current board and with new board members Michael Simmons and Angie Waller. I hope their experiences on the NAHMA board are as gratifying as mine have always been.

If you weren't fortunate enough to attend the meeting, I want you to know that the board and committees deal with very complex issues, which they work at in a very constructive manner. NAHMA is an organization that has really matured. You would be proud if you could see your peers in action.

With respect to these complex issues, I would like you to pay careful attention to the articles in this issue of *NAHMA News*, and in particular to the Washington Update on page 7. At the risk of repeating myself *ad nauseum*, I want to stress once again how important it is for you to call your members of Congress and ask them to support affordable housing for their constituents. The need for the housing we provide has perhaps never been greater. A great deal is hanging in the balance during these times of federal cost-cutting.

As I enter my second year as president, I feel very optimistic about where NAHMA is headed—and where the industry could be headed, for that matter. We continue to set the standard for how great affordable housing can be, and we help make it great through training and certification programs that are the best in the industry. **You** are what lead me to be this optimistic. I am sure in my farewell column a year from now I will once again be able to compliment the board, the committees, the staff and all of NAHMA's members on time well spent working on behalf of America's less fortunate citizens. **NN**

Scott Reithel is Vice President of Property Management for Community Housing Partners and President of NAHMA.