

NAHMA News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

- 3** Inside NAHMA
- 7** Washington Update
- 8** Tax Credit Compliance
- 11** Industry Stakeholders, HUD Discuss Bed Bug Notice
- 14** HUD Issues Guidelines for HAP Payments
- 17** Communities of Quality® Awards
- 21** 2011 Industry Award Winners
- 28** Regulatory Wrap-Up
- 30** Education Calendar
- 31** Up Close & Personal



FY 2012 Appropriations for HUD, RHS Pass Congress

In late November, President Obama signed into law HR 2112, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act. It contained funding for all multifamily housing programs for the Fiscal Year (FY) 2012. Generally speaking, tenant-based Section 8, Project-based Section 8, Section 202 and 811 PRACs, and rural rental assistance contracts received full funding for FY 2012. The legislation, however, significantly cut funding for new construction and rehabilitation programs below FY 2011 levels.

Specifically, tenant-based Section 8 vouchers received large increases above the FY 2010-11 appropriation levels. Project-based Section 8 contract renewals also received an increase in order to meet all of the government's 12-month contract obligations. The account included an advanced appropriation for FY 2013 to help cover the program shortfalls between fiscal years as well.

NAHMA is also pleased to report that Congress appropriated \$300,000 for LEP translations, something NAHMA worked hard to achieve. This funding represents significant continued progress in efforts to offset the costs to housing

NOTEWORTHY POLICY RIDERS

The relevant FY 2012 multifamily housing policy riders in the appropriations legislation are as follows:

- **Section 212** allows HUD to authorize the transfer of some or all project-based assistance, debt, and low-income and very low-income use restrictions associated with one or more multifamily housing projects to another multifamily housing project or projects in FY 2011 and FY 2012.
- **Section 215** retains the current student eligibility rule.
- **Section 217** instructs HUD on managing and disposing of any multifamily property that is owned by HUD.
- **Section 220** allows the recipient of a Section 202 grant to establish a single-asset nonprofit entity to own the project and may lend the grant funds to such entity, i.e., a private nonprofit organization.
- **Section 222** extends the HOPE VI program through September 30, 2012.
- **Section 226** requires that HUD shall report quarterly on the status of all Project-based Section 8 housing.
- **Section 228** requires HUD to publish NOFAs online.
- **Section 229** allows refinancing and prepayment of certain Section 202 loans if the project sponsor agrees to operate the project until the maturity date of the original loan and the prepayment may involve refinancing of the loan.
- **Section 237** extends the Mark-to-Market program through September 30, 2015.



INTEGRATED PROPERTY MANAGEMENT SOFTWARE



Property Managers, what if your compliance software notified you of potential errors before you submitted your forms? Imagine if it could fully integrate your subsidy overlays or help you stay within the minimum compliance percentage or identify possible MAT errors? Would this functionality assist in your continued business success?

IPM's property management and compliance solution, CornerStone, is the key to your success! We develop Windows based programs for site and Contract Administrator use. In fact, our CaTRAC'r software

processes over 300,000 units monthly. CornerStone's compliance components have a unique error checking function to help you locate and resolve errors before they get into TRACS, leading to faster processing and payment of vouchers.

Take advantage of our 25 plus years in the multi-family housing industry and our active management participation with ongoing compliance regulation development. CornerStone IS the compliance solution for accurate and dependable reporting.

To learn more about our compliance solutions for HUD and Tax Credit properties, call or visit our website:

800-944-5572 x 212
www.ipm-software.net



Your key to property management compliance success.



PRESIDENT

Scott Reithel, CPM, NAHP-e
sreithel@chpc2.org

EXECUTIVE DIRECTOR

Kris Cook, CAE
kris.cook@NAHMA.org

DIRECTOR, GOVERNMENT AFFAIRS

Michelle L. Kitchen
michelle.kitchen@NAHMA.org

DIRECTOR, FINANCE AND ADMINISTRATION

Rajni Agarwal
rajni.agarwal@NAHMA.org

MANAGER, EDUCATION AND SPECIAL PROGRAMS

Brenda Moser
brenda.moser@NAHMA.org

MANAGER, MEETINGS, MEMBERSHIP AND SPECIAL PROJECTS

Elizabeth Tucker
elizabeth.tucker@NAHMA.org

MANAGER, GOVERNMENT AFFAIRS

Lauren Eardensohn
lauren.eardensohn@NAHMA.org

EDITOR

Catherine A. Smith
Community-Based Communications, L.L.C.
cbc.smith@comcast.net

DESIGN

Mary Prestera Butler
butlers5@comcast.net

2012 NAHMA OFFICERS AND BOARD OF DIRECTORS

President

Scott Reithel, CPM, NAHP-e

President Elect

Gianna Solari, SHCM, NAHP-e

Vice President

Ken Pagano, CPM, SHCM, NAHP-e
Karen Newsome, SHCM, NAHP-e

Secretary

Carole Glodney, SHCM, NAHP-e

Treasurer

Michael Johnson, SHCM, NAHP-e

Past President

Dan Murray, NAHP-e

Directors

Ron Burson, SHCM, NAHP-e
George Caruso, CPM, RAM, SHCM, NAHP-e
Raquel Guglielmetti
Steve Henderson, NAHP-e
Randy Lenhoff, NAHP-e
Gemi Ozdemir
Michael Simmons, NAHP-e
Karen Steinbaum, NAHP-e
Gwen Volk, CPM, SHCM, NAHP-e
Angie Waller, FHC, CPO, SHCM, NAHP-e
Bill Wollinger, SHCM, NAHP-e
Tim Zaleski, SHCM, NAHP-e

Voting Past Presidents

Wayne Fox, SHCM, NAHP-e
Johrita Solari, SHCM, NAHP-e



NAHMA Faces Challenges Head On

IN THE LAST ISSUE OF *NAHMA News*, we reported on a major study by The Joint Center for Housing Studies of Harvard University showing that long-term increases in rental housing prices and utility costs—combined with stagnant or falling incomes—are steeply escalating affordability pressures for U.S. renters.

Entitled *AMERICA'S Rental Housing: Meeting Challenges, Building Opportunities*, the report quoted Eric Belsky, the Center's managing director and an author

a problem that exists in urban, suburban and rural areas. Once-proud homeowners who went through foreclosure have increased the ranks of those in need of affordable rentals. Meanwhile, our traditional population of low-income, elderly and disabled persons continues to swell.

As we head into a new year with a new Congress, and potentially a new Administration, NAHMA is looking forward to conveying this message to present and soon-to-be-elected congressional represen-

“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...”

of the MacArthur Foundation-funded report, as saying bluntly, “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.”

The report estimated that between 2010 and 2020, the number of renter households could increase by 360,000–460,000.

What this means for NAHMA members will come as no surprise to most of you. We have our work cut out for us.

And what is the nature of that work? Engaging with our members of Congress, regulatory agency officials, state and local government officials and even the public so that they understand the urgent need for more and more affordable multifamily housing.

More and more communities are facing this rental housing shortage. It is

tatives and their staffs. Toward that end, we will continue to urge you to take advantage of our advocacy materials, which you can easily find on our webpage in the Grassroots Action Center.

NAHMA continues to offer a plethora of tools and services to help you in whatever way you need to advance the cause of affordable housing, the quality of your work, the competencies of your staff, and many others. Our accreditation programs, the Communities of Quality® National Recognition and Awards program, our Members' Only web pages and much more at www.nahma.org gives you extensive information and tools to keep you up to date on the issues we face as an industry. (See article on page 17 for this year's COQ award winners.)

As I said, we have our work cut out for us, and all of our strength comes from you. **NN**

Kris Cook is Executive Director of NAHMA.

*2012 National Affordable Housing Management Association
NAHMA News is published six times a year by the National Affordable Housing Management Association, 400 North Columbus Street, Suite 203, Alexandria, VA 22314. Phone (703) 683-8630, Web site: www.NAHMA.org

SUBSCRIPTIONS: Free for NAHMA/AHMA members, \$100 for nonmembers.

ADVERTISING: Digital ads preferred. Rates vary. Contact: James Boston at (301) 215-6710, or jboston@townsend-group.com.

QUERIES: Letters to the Editor and other queries should be sent to NAHMA Executive Director Kris Cook at kris.cook@NAHMA.org or to the address above.

NOTICE: Contents of NAHMA News should not be regarded as the final authority on policies, regulations and legal or other issues. Opinions are those of the authors and do not necessarily represent opinions or policies of NAHMA's board of directors or staff. NAHMA is not liable in any way for omissions or inaccuracies.

COPYRIGHT: Contents of NAHMA News are protected by copyright and may not be reproduced, in whole or in part, without permission and attribution.

providers associated with HUD's LEP guidance, while at the same time, ensuring those with limited English proficiency have access to low-income housing.

CDBG, HOME and the Section 202 and 811 capital advances received significant cuts when compared to FY 2011 appropriations.

The Choice Neighborhoods Initiative received \$120 million; it is intended as a successor to the HOPE VI program, which received no funding for FY 2012. President Obama's Transforming Rental Assistance Initiative received no funding. Nevertheless, the legislation authorized HUD to conduct a Rental Assistance Demonstration program, which provides a contract conversion option for public housing and Mod-Rehab properties to long-term Project-based Section 8.

Finally, Congress continued to provide funding for the Transformation Initiative, allowing HUD to improve information technology and technical assistance for its programs.

Except for Section 538, all USDA-RHS multifamily programs received cuts when compared to FY 2011 appropriations levels. Section 538 funding was reversed to FY 2010 levels.

For details on NAHMA's continued concern for current and future multifamily housing funding and support, see the *NAHMA Analysis* at www.nahma.org/member/NAHMAAnalysis.

The funding for key affordable multifamily housing program accounts is summarized below. Figures are rounded.

KEY HUD APPROPRIATIONS ACCOUNTS

FY 2012 Tenant-Based Rental Assistance Appropriation: \$18.9 billion

Within this account, money is to be distributed as follows:

- Voucher renewals: \$17.2 billion
- Adjustment of voucher costs: Up to \$103 million
- Tenant protection vouchers: \$75 million
- Administrative fees: \$1.35 billion

■ HUD-Veteran Affairs Supported Housing (VASH) vouchers: \$75 million

■ Section 811 Vouchers: \$112 million

■ Family Self-Sufficiency Coordinators: \$60 million

The program received a \$500 million increase in total funding for FY 2012. The majority of the increase went toward voucher renewals, Section 811 vouchers and VASH vouchers. Congress cut \$100 million for administering the program. Funding for tenant protection vouchers and the adjustment for voucher costs were cut. Because of legislation passed last year, the FY 2012 appropriations moved vouchers for disabled households from the Section 811 account into the tenant-based Section 8 account. Section 811 vouchers will be funded at \$112 million.

FY 2012 Project-Based Rental Assistance Appropriation: \$9.3 billion

Total funding for Project-Based assistance will be distributed as follows:

- Contract Renewals: \$9.05 billion
- Contract Administrators: \$289 million

Project-based Section 8 contract renewals received a slight increase in funding over FY 2011 levels. HUD has said that, based on updated projections and programmatic reforms it will implement, the FY 2012 funding levels in the bill are enough to fully fund all 12-month Project-based Section 8 contracts.

In order to help address budgetary challenges, create program savings, and slow the growth of program expenditures, HUD announced that it will release a number of policy changes to the Project-based Section 8 program in the coming months. They include:

- Using funds currently held in project residual receipts accounts to reduce assistance payments in Section 8 "new regulation" projects;
- Limiting all Option 4 renewals and annual rent adjustments to OCAF increases if proposed rents exceed market; and
- Requiring all rent comparability studies to justify proposed rents that exceed 110

percent of Small Area Fair Market Rents (SAFMR).

Congress also provided a \$400 million advanced appropriation for FY 2013 and \$289 million in funding for contract administrators. The bill also allows PBCAs to administer the following programs: Section 236(a) interest reduction; Rent Supp; Section 236(f); Section 811 PRACs; and Section 202 PRACs and loans.

FY 2012 Limited English Proficiency (LEP) Funding: \$300,000

In terms of Fair Housing, NAHMA was instrumental in encouraging Congress to designate funds for LEP translations. Congress approved the use of \$300,000 to create and promote translated materials to assist those with LEP in using HUD services.

FY 2012 Section 202 Housing for the Elderly: \$375 million

This is allocated as follows:

- At least \$253 million for PRAC renewals and capital advance adjustments;
- No funding for capital advances in FY 2012;
- \$91 million for service coordinators; and
- Up to \$25 million for the conversion of 202 units to assisted living facilities.

Although all Section 202 PRAC renewals will receive full funding for FY 2012, there was no funding allocated for capital advances. This means that HUD will not be able to fund any new 202 construction in FY 2012.

The bill does not include appropriations for making competitive grants to private nonprofit organizations and consumer cooperatives for covering planning, work and site control costs. However, the legislation does allow senior preservation rental assistance contracts to be funded through the account.

FY 2012 Section 811 Housing for the Disabled Appropriation: \$165 million

The FY 2012 funding represents a slight increase over funding for FY 2011 for PRACs and capital advance adjustments. However, there is no funding provided for

capital advances. This means that HUD will not be able to fund any new 811 construction in FY 2012.

FY 2012 HOME Appropriation: \$1 billion

Congress significantly cut funding for the HOME program by over one-third of the FY 2011 appropriations level. Congressional scrutiny of the program significantly increased this year due to a Washington Post investigative series examining the alleged mismanagement of HOME funds over the last several years. NAHMA believes these articles have

Because of legislation passed last year, the FY 2012 appropriations moved vouchers for disabled households from the Section 811 account into the tenant-based Section 8 account.

contributed to the significant reductions the account received for FY 2012.

FY 2012 CDBG Appropriation: \$2.95 billion for block grants

CDBG received a large cut below the FY 2011 and FY 2010 appropriations. No funding under this account may be used for the Economic Development Initiative, Neighborhood Initiatives activities or the Rural Innovation Fund. The legislation allows up to 20 percent of formula funds to be used for planning, management and administration. The bill requires the GAO to issue a report on how communities use these funds. It also requires HUD to provide an analysis of how much CDBG funding is used by grantees as matching dollars for other federal programs.

FY 2012 HOPE VI Appropriations: \$0 HOPE VI provided funding to public housing agencies for demolition, site revitalization, replacement housing and tenant-based assistance grants to properties. No funding was provided for the HOPE VI account this year. However, Congress did provide funding for its successor program, the Choice Neighborhoods Initiative.

FY 2012 Choice Neighborhoods Appropriations: \$120 million

Congress once again approved funding for HUD to conduct a demonstration program for the Choice Neighborhoods Initiative, the successor to the HOPE VI program. Although this is much less than the FY 2012 budget request, the program will move beyond the HOPE VI focus on public housing and apply also to privately owned affordable housing to help alleviate concentration of poverty in urban areas. However, formal authorization legislation for this program has yet to be enacted.

FY 2012 Transformation Initiative: \$50 million for information technology (IT) modernization and the ability to transfer up to 1 percent of all program accounts to an account for IT improvements and technical assistance Congress provided \$50 million for information technology modernization through September 30, 2014.

FY 2012 Transforming Rental Assistance Initiative: \$0

While no money was provided for the TRA program, the bill does grant HUD the authority to conduct a Rental Assistance Demonstration (RAD) program, which would allow public housing and mod-rehab properties to convert to Project-based Section 8 contracts under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) or project-based housing choice vouchers. The application period for PHAs to apply for the demonstration lasts through September 30, 2015. The RAD language also allows RAP and Rent Supp properties that have lost their rental assistance or long-term affordability restrictions after October 1, 2006 to be eligible to convert their tenant protection

vouchers to project-based housing choice vouchers in FY 2012 and 2013.

KEY RHS APPROPRIATIONS ACCOUNTS

FY 2012 Section 515 Appropriation: \$64.5 million

Congress reduced funding for the Section 515 program for the first time in several years. This was done as part of efforts to reduce government spending.

FY 2012 Section 521 Rental Assistance Appropriation: \$905 million

Congress appropriated \$51 million below the FY 2011 levels and \$2 million below the Obama Administration's request for rural rental assistance. RHS told NAHMA that this funding level will be sufficient to cover all existing contracts, and that they do not anticipate any shortfalls.

FY 2012 Section 538 Loan Guarantee Program Appropriation: \$130 million

Congress increased appropriations by \$100 million for the Section 538 program and included language in the bill that allows USDA-RHS to charge fees to help cover the subsidy cost.

FY 2012 Multifamily Housing Revitalization Program Account: \$13 million

The Multifamily Housing Revitalization Program (MRP) includes funds for the rural housing voucher program, multifamily revolving loan demonstration program, and the Section 515 preservation demonstration program. Funding is allocated as follows:

- \$2 million for a revitalization demonstration program
- \$11 million for rural housing vouchers

Congress significantly reduced funding for the demonstration program below FY 2011 levels. While Congress continues to approve funding for rural housing vouchers for low-income families, it is \$3 million below FY 2011 levels and \$5 million below the President's budget request. **NN**

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
- Directors and officers liability
- 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

Wells Fargo Insurance Services USA, Inc.

601 Union Street, Suite 1300, Seattle, WA 98101
206-892-9200 | 206-892-9201 Fax

Megan Davidson, Program Director
MAHIP@wellsfargo.com

wfs.wellsfargo.com/mahip

Insurance products are offered through non-bank insurance agency affiliates of Wells Fargo & Company and are underwritten by unaffiliated insurance companies, with the exception of crop and flood insurance. Crop and flood insurance may be underwritten by Wells Fargo Insurance Services' affiliate, Rural Community Insurance Company.

© 2011 Wells Fargo Insurance Services. All rights reserved.

Together we'll go far



Picking Up Where We Left Off Last Year

AS THE NEW YEAR BEGINS, THERE are three big questions on my mind:

- First, who will win the presidential election this November?
- Second, which party will control Congress as a result of the elections?
- Third, will the answers to either of these questions matter if the so-called “Mayan doomsday prophesy” comes true on December 21? (Just joking!)

GOOD NEWS ABOUT SIMPLIFYING REVIEWS

Let’s start the year with some exciting news! Interagency activity is underway to simplify subsidy layering reviews and to reduce the number of physical inspections required by federal regulations on affordable apartment communities with multiple subsidies. NAHMA has strongly advocated for the latter policy in order to reduce the administrative burden on property staff and the inconvenience to residents.

You may recall from previous newsletters that NAHMA has actively participated in the White House Rental Harmonization Working Group (RHWG) discussions. The goals of these meetings were to identify conflicting federal program requirements on affordable properties with multiple sources of financing and to propose administrative solutions.

In July 2011, the White House released a draft document, “Rental Policy Working Group Federal Rental Alignment Opportunities -Conceptual Proposals,” which proposed ideas for better aligning federal affordable multifamily housing programs on mixed-financed properties. NAHMA submitted comments on these proposals in late August 2011.

After consideration of public com-

ments and further interagency discussion, the RPWG released an updated document, “Federal Rental Alignment Administrative Proposals,” on December 31, 2011.

It is available at www.huduser.org/portal/aff_rental_hsg/RPWG_Conceptual_Proposals_Fall_2011.pdf.

NAHMA is closely reviewing the changes in this latest report in consultation with our Regulatory Affairs, Rural Housing and Tax Credit Committees to determine appropriate next steps. In the meantime, I am pleased to report that pilot programs to test the feasibility of conducting one federally sponsored physical inspection on affordable mixed-financed properties are now underway in selected states. (See related article by Brian Carnahan on page 8 to learn about the inspection pilot program in Ohio.) Pilot programs have also been launched to simplify the subsidy layering review process in a handful of states.

Please be assured that NAHMA is continuing to follow the RPWG activities. Likewise, we continue to press for development of a single student occupancy rule for federal multifamily housing programs as part of future RPWG discussions.

RECAPPING UNFINISHED BUSINESS

Of course, some major unfinished business from last year has carried over into 2012. Let’s review some of the more controversial “hang-over” subjects from 2011.

The Performance Based Contract Administrator (PBCA) rebid: At press time, HUD had not yet released

its promised Notice of Funding Availability (NOFA) to rebid the PBCA contracts in 42 states/U.S. territories. NAHMA continues to insist that the PBCA selection process and subsequent transitions be fair, transparent and without disruption to properties’ operations.

HUD’s bedbug guidance (Notice H 2011-20): In a late December meeting with HUD officials and other industry groups (see related story on page 11), NAHMA forcefully argued for withdrawal and repeal of this notice. Once HUD issues specific changes to its bed bug policy, NAHMA will review it in consultation with our Bed Bug Task Force and Board of Directors to determine appropriate next steps.

Impact of cost-cutting measures on the Section 8 program: Tight federal budgets are likely to get a whole lot tighter in 2012. In late November, HUD announced it would take proactive steps to reduce the rate of growth in Section 8 program costs (see related article on page 14). NAHMA is concerned about these impending policy changes, and we continue voicing our concerns to the Department.

We may not know who will reside in the White House or control Congress after the November elections, much less whether doomsday interpretations of the Mayan calendar are correct, but we do know that we have our work cut out for us this year. With your help, we can bring about positive changes in federal housing policy. **NN**
Michelle Kitchen is Director, Government Affairs for NAHMA.

Physical Inspection Pilot— A Partner's Perspective

IN 2010, THE OBAMA ADMINISTRATION announced the formation of the Rental Policy Working Group. Led by the White House Domestic Policy Council and focused on HUD, RD and the IRS, the purpose of the Working Group is to explore federal housing policies and practices that serve as a barrier to effective program performance or result in higher costs.

Since the inception of the project, federal agency staff and a range of stakeholders have been involved in reviewing policies and procedures in the following areas: physical inspections; income definitions; operating budgets and financial statements; energy efficiency; appraisals and market studies; subsidy layering review; capital needs assessments; and compliance and fair housing.

Two of the areas for review—physical inspections and subsidy layering review—were selected for pilot projects owing to the amount of duplicative responsibility. Ohio, Michigan, Minnesota, Oregon, Washington and Wisconsin are participating in the inspection pilot. States participating in the subsidy layering review pilot include Michigan, Nevada, North Carolina, Ohio, Pennsylvania, South Carolina and Wisconsin.

OHIO AS AN EXAMPLE

Recently, the Ohio Housing Finance Agency (OHFA) entered into a Memoranda of Understanding (MOU) with HUD and RD covering each agency's responsibility with respect to physical inspections and subsidy layering review. The Ohio Department of Development, the HOME Program Participating Jurisdiction for the state of Ohio, is also

a part of the joint physical inspection MOU agreement.

In the state of Ohio, an extensive cooperative framework and relationship was in place prior to the announcement of the initiative. MOUs already existed between HUD and OHFA, OHFA and RD, and RD and HUD. These agreements encouraged information sharing and outlined what inspections the parties would share. The result is that none of the agencies had to be convinced to work on the pilot.

Since the MOU was signed, staff members from the participating agencies have been working to finalize procedures and identify all of the projects that will be in the pilot. More than 100 projects in Ohio will be covered by the MOU.

KEEPING THE MOMENTUM

The commitment and attention to multifamily housing by the Obama Administration is commendable. The activity surrounding multifamily housing comes at a time when the nation is dealing with a foreclosure problem in single-family homes. Committing staff to such initiatives shows an effort to create improvements.

While I am optimistic about the ability of the Ohio partners to work well together, a number of challenges could impact this process in both the short and long term. I will also concede that it is important to recognize that the options and opportunities to effect change are limited, and we as an industry must start at some point if we are to make any progress.

One of the first challenges relates to the calendar, as 2012 is an election year. The result is that little can be expected to be accomplished in Washington, D.C.

Even the best of programs and policies will be impacted by an unwillingness to move much. In addition, the election could result in a change in Administrations. Can we expect a new administration to fully implement the recommendations of the Alignment process?

A second potential issue is staffing changes. These result from natural attrition but also from a change in Administrations. State agency staffing can change too. Unfortunately, initiatives small and large often suffer when staff changes. There is a loss of knowledge and momentum as new people come to terms with the project.

Another challenge involves scope. The Alignment process was promoted as a means of making improvements that do not require changes to regulations. Unfortunately, this greatly limits the change that can be effected. The politics of working on the margins makes sense for establishing early victories and evidence of effectiveness, but a long-term plan should be developed to both review and amend regulations and propose legislative changes as needed.

The post pilot period is one area of some uncertainty. Many longtime observers of federal agencies have suggested that if the pilots are successful, the collaborative concept will simply be rolled out to other states without much fanfare. While that is one approach, a concrete plan for future years would be preferable.

PHYSICAL INSPECTION PILOT HAS COMPLEXITIES

While only three federal agencies have been involved in the physical inspection pilot, it has at times seemed as if many more were involved. This stems in part

from the number of offices within HUD involved in commenting on aspects of physical inspection policy. HUD generally did not speak with one voice. An excellent example is the waiver process for HOME projects included in the pilot. HUD did not simply include them. Rather, participating jurisdictions were required to submit a specific waiver request to their local CPD office, which in turn acted on the request. The waiver was quickly granted, but the additional step was frustrating.

The state housing finance agencies (HFAs) that administer the Low Income Housing Tax Credit program generally finance agency operations through fees and other charges for accessing funding.

The work of the Rental Housing Policy Working Group is exciting. Not only are the pilots underway, but a number of reports have been prepared in other areas that offer suggestions and ideas for enhancing the federal housing programs.

There is usually no direct state appropriation for operating funds. This arrangement ensures that the users of the program pay the majority of the costs.

The fact that many HFAs rely on user fees is of concern to me. While many HFAs are ready to do their share to make affordable housing programs as efficient and effective as possible, the HFAs cannot bear the burden of additional program costs. Therefore, speculation that HFAs will assume a greater monitoring role in the future should be a point of discussion. The impact of such a development, which cannot occur without HFAs agreeing, impacts not only HFAs but their multifamily customers, too.

While it is important to identify

areas for alignment in the physical inspection process, a next step should be in file inspections. Frankly, the whole process of inspecting affordable housing properties should be reviewed. Given the performance to date of many of the programs, it is time to move to a risk- or results-based regulatory system.

I have argued elsewhere ("Risk-Based Monitoring—The Way Forward." (Carnahan, Brian and Rachel Grass, 2011, *Journal of Tax Credits*, 2(9): 41-43) that a risk-based system will enable monitoring requirements crafted for the unique circumstances of each property, allowing the industry to move away from inefficient one-size-fits-all approaches, such as

annual file or physical inspections. HUD is slowly recognizing this need with the recent release of proposed changes to the HOME program that would allow for inspections on a three-year cycle.

I do not want to leave the impression that the physical inspection pilot is without significant benefits. The potential benefits to coordinating and eliminating inspections are several. First, the agencies involved can realize cost savings as fewer inspections are required. This is not a minor benefit in a time of economic and budget uncertainty. The key will be how those savings are applied to the programs. Owners and agents can also save on staff and preparation costs. With fewer inspections, staff can be more focused on

operating the property, which is why they are on staff in the first place.

PARTNERSHIPS ENHANCE COLLABORATIONS

Collaborating on a project of this type should also help to promote good working relationships. As noted, the Ohio partners have solid partnerships. Nonetheless, there are opportunities to learn more about the other partners' programs and identify other potential collaborations.

Residents are likely one of the most important beneficiaries of the elimination of duplicative inspections. Many residents of affordable housing communities experience multiple inspections annually. The stress

and strain that can result from these inspections can be harmful as residents have to regularly set aside time to prepare for an inspection or even be present.

The work of the Rental Housing Policy Working Group is exciting. Not only are the pilots underway, but a number of reports have been prepared in other areas that offer suggestions and ideas for enhancing the federal housing programs. Details can be found online at www.huduser.org/portal/aff_rental_hsg/rental_policy_wrkgrp.html.

During a time of budget issues and concern about the future of housing programs, any effort to enhance the effectiveness and efficiency of those programs deserves attention and support. **NN** Brian Carnahan, HCCP, is Director of the Ohio Housing Finance Agency's Office of Program Compliance, where he oversees the compliance monitoring of tax credit, HOME and Section 8 communities. Brian can be reached at bcarnahan@ohiohome.org.

Can you really afford to overlook special claims?

Increase your revenue by 184% with our Special Claims Finder!

Chances are you're passing up "extra money" month after month by overlooking special claims—whether for vacancy loss, unpaid rent, damages or debt service. These claims are like leaving money on the table. Who can afford to pass up additional revenue?

With the OneSite® Leasing & Rents Affordable Special Claims Finder, your sites no longer need to manually track eligible claims. It helps you easily detect claims you'd otherwise overlook. In fact, research shows the average property can increase revenue

from special claims by an average of 184% using the Special Claims Finder!

Put more money in the bank. Learn more about the Special Claims Finder and OneSite Leasing & Rents Affordable by visiting www.realpage.com/affordable or calling **1-87REALPAGE**.



Industry Stakeholders, HUD Discuss Bed Bug Notice

On December 20, NAHMA attended a meeting with HUD officials and other industry representatives to discuss concerns related to HUD's bed bug guidance, Notice H 2011-20, "Guidelines on Bed Bug Control and Prevention in HUD Insured and Assisted Multifamily Housing."

Discussions focused around three central themes:

1. Industry objections to applicability of the notice to unassisted FHA-insured properties;
2. Industry concerns about use of limited project resources; and
3. Industry concerns about the notice's effect on tenants' compliance with treatment protocols and inspections.

All industry groups stood united in the position that Notice H 2011-20 must be rescinded. NAHMA was the first industry group to present its position on HUD's bed bug policy. Its arguments were drawn from the comments on Notice H 2011-20 developed by the NAHMA Bed Bug Task Force and NAHMA Board of Directors.

A copy of NAHMA's comments to HUD on Notice H 2011-20 may be found at www.nahma.org on the HUD page. Below is a brief summary of NAHMA's comments at the meeting:

On January 17, NAHMA received a letter from new Deputy Assistant Secretary for Multifamily Housing Marie Head, who announced that HUD is making substantial changes to its bed bug policy. Although it is not rescinding Notice 2011-20 in its entirety (as NAHMA and others advocated), the letter explained that

"The updated guidance will directly address the concerns you presented

at the meeting and in your prior correspondence to the Department. It will clarify the section about assisted and unassisted housing, will align the controlling of bed bugs more closely with current guidance on infestations; and finally, it will state that the local and state laws govern. Additionally, we are looking into how the Department may be able to help in the area of training videos and brochures for residents, and the possibility of providing them in multiple languages."

All industry groups stood united in the position that Notice H 2011-20 must be rescinded. NAHMA was the first industry group to present its position on HUD's bed bug policy.

NAHMA'S CONCERNS

In its comments at the meeting, NAHMA strongly urged HUD to rescind its Bed Bug Notice, **Notice H 2011-20**, in its entirety and prohibit the HUBs from issuing regional bed bug policies. NAHMA also supported the widely-held multifamily industry consensus that the Notice should not apply to unassisted properties.

NAHMA summarized its four main concerns:

1. The crux of the issue relates to the small percentage of tenants who are not cooperative with treatment protocols. Lack of cooperation by tenants can quickly escalate to very expensive consequences to the entire property.
2. O/As must maintain rights available under state and local landlord-tenant law to sanction tenants who do not comply with the treatment protocol, and therefore cause damage to the property.
3. The plans and protocols for treating bed bug infestations vary geographically, and are an evolving science. Because there are a variety of successful treatments, O/As believe it is not neces-

sary or appropriate for HUD to establish any one particular protocol as a required national treatment standard.

4. Bed bug treatment is expensive. NAHMA appreciates that one of HUD's goals in releasing the Notice was to clarify that bed bug treatment is an eligible project expense. However, only a limited number of properties can take advantage of budget-based rent increases, which will soon be capped at OCAF levels. And residual receipts are—and will become—more limited in the future.

NAHMA outlined specifics on these main concerns as they relate to the HUD memo:

■ One very problematic paragraph states: "An O/A may not deny tenancy to a potential resident on the basis of the tenant having experienced a prior bed bug infestation. An Owner may not charge a tenant to cover the cost of bed bug treatment. Such costs should be covered by the Owner or from project funds authorized by HUD as described above. HUD reserves the right to approve Lease Addenda. Lease Addenda may not conflict with this Notice."

■ This paragraph essentially excuses tenants from cooperating with bed bug eradication efforts, since there is no accountability for non-compliance as it relates to current or future tenancy. It also denies O/As the ability to recover damages under state and local landlord-tenant laws in cases of non-compliance. Finally, the last sentence abrogates any existing HUD-approved Lease Addenda for addressing bed bug infestations.

■ O/As must be permitted to deny ten-

AdCar Associates, Inc.

**17-47 215 Street
Bayside, NY 11360**

***Since 1995 - Helping owners and agents
with the complexities of HUD-related
housing.***

***From rent increases to REAC inspections;
From occupancy issues to Sec 8 renewals:
We have years of experience on
both sides of the regulatory divide.***

**ADCAR ASSOCIATES
UNIQUELY QUALIFIED TO HELP!**

(718) 631-5654
on the web: www.adcar.com
affiliated, of course, with NAHMA

AdCar Associates, Inc.

**17-47 215 Street
Bayside, NY 11360**

What makes AdCar different?

- ☛ We know the world in which you move***
- ☛ We know the programs***
- ☛ We know your alternatives***
- ☛ We understand the context of the
things you do, and the consequences
of the things you don't***
- ☛ We put it all into perspective***

**ADCAR ASSOCIATES
UNIQUELY QUALIFIED TO HELP**

(718) 631-5654
on the web: www.adcar.com
affiliated, of course, with NAHMA

BED BUG NOTICE, continued from page 11

ancy if they reasonably determine that a potential resident failed to cooperate with any prior O/A regarding bedbug prevention and eradication efforts. This is akin to other screening criteria that O/As are authorized to implement, such as credit checks.

■ HUD's blanket prohibition on charging tenants for the cost of bed bug treatments precludes owners from exercising sanctions against non-compliant, uncooperative residents whose behavior increases the costs of treatment and places their neighbors and entire properties at risk of infestation.

■ Tenants who fail to comply with bed bug protocols and cause repeat infestations are inappropriately wasting limited property resources and committing tenant-caused damage. NAHMA strongly believes that owners must maintain rights available under state and local landlord-tenant law to sanction tenants who do not comply with the treatment protocol.

■ HUD must make clear that tenants' failure to comply with O/A policies and instructions regarding bed bug treatment and controls, including those of its pest control contractors, shall constitute material non-compliance with the lease and shall be good cause to evict and terminate tenancy in accordance with the HUD Model Lease.

■ HUD should work with industry stakeholders to produce a model bed-bug lease addendum and translate it into multiple languages.

Finally, NAHMA recommended that HUD take a more proactive approach in producing bed bug education materials for residents. A positive first step is the HUD-PIH "Bed Bug Prevention and Control" video available at the HUD website. NAHMA urged HUD to produce a similar video which is shorter in length, tailored to residents, and available in multiple languages. NAHMA said it would also be helpful if HUD provided fact-sheets in multiple languages.

NAHMA will keep members apprised of late-breaking news on this key issue as it becomes available. **NN**

YARDI Energy Solutions™ *empowers utility management*

Full-Service Billing

Outsources utility billing and payment collection with Yardi Systems

Utility Billing Analytics

Presents accurate usage data in a historical, graphical format

Portal Online Payments

Provides convenient online bill payments for residents

Unit Occupancy Tracking

Ensures accurate charges based on move-in and move-out dates

Yardi Call Center

Handles residents' utility billing questions

Meter Services

Includes meter installation and maintenance



The only solution integrated with

YARDI VOYAGER™ Affordable Software

This top-to-bottom utility billing and energy management solution is built into the Yardi Voyager platform, and includes meter reading, baseline calculations, cost allocations, billing, analytics, payment collection, and online payment options that enable you to maximize operational efficiency and cut costs —while promoting conservation.



Ask us about our rapid implementation program.

To learn more, call 800.866.1144 or visit www.yardi.com/nahma35

HUD Issues Guidelines for HAP Payments

On November 22, 2011 HUD issued a memo to multifamily property owners regarding changes in the Project-based Section 8 program designed to help address budgetary challenges, create program savings and slow the growth of program expenditures.

These planned policy changes include:

- Using funds currently held in project residual receipts accounts to reduce assistance payments.

- HUD is formulating a process to apply these funds to PBRA expenditures;

- They would like to implement this policy in a way that is minimally disruptive to the current voucher and disbursement process;

- Limiting all Option 4 renewals and annual rent adjustments to OCAF increases if proposed rents exceed market; and

- Requiring all rent comparability studies to justify proposed rents that exceed 110% of Small Area Fair Market Rents (SAFMR).

On December 5, 2011 HUD issued a follow-up memo, "Impact of HUD's Fiscal Year 2012 Budget on Section 8 Project-Based Rental Assistance." The new memo stated that the forthcoming Housing Notice to implement the new policy would be applicable to Section 8 contracts generally known as "New Regulation" and subject to the regulatory authority at 24 C.F.R. §§ 880.205(e), 881.205(e), and 883.306(e).

The specific regulations cited in the December memo state that, for housing assistance payments (HAPs) for new construction and substantial rehabilitation, if HUD determines at any time that project funds are more than the amount needed for project operations, reserve require-

ments and permitted distribution, HUD may require the excess to be placed in an account to be used to reduce HAPs or for other project purposes. Upon termination of the contract, any excess funds must be remitted to HUD.

project operations, reserve requirements and permitted distributions.

The initial memo plus the December 5 follow-up may be found at www.nahma.org on the HUD webpage in the member section.

...the forthcoming Housing Notice to implement the new policy would be applicable to Section 8 contracts generally known as "New Regulation" and subject to the regulatory authority at 24 C.F.R. §§ 880.205(e), 881.205(e), and 883.306(e).

This also applies to projects financed by state housing agencies if HFA determines that surplus project funds are more than the amount needed for

NAHMA will continue to review these policy changes in conjunction with its Regulatory Affairs Committee to determine what next steps, if any, are necessary. **NN**



Sullivan
C O M P A N Y, L L C
INSURANCE

We inspire confidence.

*The leader in
apartment
community
insurance
since 1974.*

Commercial Insurance • Employee Benefits • Personal Insurance
501 E. McBee Avenue • Greenville, SC 29601
(800) 642.9562 • fax (864) 288.8020 • www.SullivanIns.com



HAPPY RESIDENTS AND QUICK FIXES TEND TO GO HAND-IN-HAND.

Our goal is helping you maintain satisfied residents. That's why you can order online anytime and get free, next-day delivery* on our inventory of over 22,000 products. You can even depend on us for your product installations† and to help manage your property improvement projects.

Delivered by professionals.
For professionals. **FREE.**



\$25 OFF your first online order.†

hdsupplysolutions.com | 1-888-431-3009

HDSUPPLY™
MULTIFAMILY SOLUTIONS

ADV-11-6067

*On most orders to most areas. †Installation services are available in select markets. Please call for details. ‡\$250 minimum order. One-time use per customer. Cannot be combined with any other discount offer. Tax, freight, fabrication orders, renovation orders, and special orders are excluded. Offer valid on online orders placed through hdsupplysolutions.com only. Offer only valid on first online order placed through hdsupplysolutions.com. © 2011 HDS IP Holding, LLC. All Rights Reserved.

Strength in numbers.

3,000 CLIENTS | 45 STATES | 140 EMPLOYEES

THANKS TO OUR CLIENTS, DOZ IS CELEBRATING 25 YEARS OF SERVICE.

A Community of Friends, CA Ahaheim Supportive Housing for Senior Adults, CA Ahepa National Housing Corporation, IN Alco Management, Inc., TN Allison-Shelton Real Estate Services, AZ Alpha Property Management, CA Anderson Birkla Investments Partners, LLC, IN APC Management, SD Archonics, Inc., MI Asset Management & Consulting Services, SC Banner Realty Group, IL Bellwether Housing, WA Bennett & Reindl LLC, SC Bridgeport, LP VA Brinshore Development, LLC, IL Buckingham Companies, IN CAP REIT, MD Carland Group, OK Centerstone of Indiana, IN Century Sales & Management, LLC, NE Chicanos Por La Causa, Inc., AZ City Real Estate Advisors, IN Community Management Corporation, NC Crestline Realty, VA Croix Management Company, MN Cornerstone Properties, Inc., IN Community Realty Management, NJ Darwin T. Lynner Co, IA dhic, NC Drucker & Falk Real Estate, VA Elkhart Senior Housing, LP OH Excel Property Management, NC First Sterling, NY Flaherty & Collins, Inc., IN Franciscan Ministries, IL Franklin Capital Group, VA GH Capital LLC, CA Greenway Residential Development, NC Harbor Group International, LLC, VA Hercules Real Estate Services Inc., VA Herman & Kittle Properties, Inc., IN HJ Russell & Co, GA Home Care Providers, IN House Investments, IN Hubbard Development Co., LLC, IN Hyder Property Management Professionals, CA Ingerman, NJ Integrated Properties, CO Integrity Management & Consulting, MN Investment Builders, Inc., TX Kelly Enterprises, OH Kennedy Brothers Real Estate, OH Key Management, KS King Drummond & Dobbs, AL KMG Prestige, Inc., MI Lafayette Neighborhood Housing, IN Landex Companies, MD Lane Management, GA Lawson Realty Group, VA Levine Groups, CA L.I. Combs & Sons, Inc., IN LifeSphere Management, OH LifeSpring, IN Lima Interfaith Senior Housing, Inc., OH LINC Housing, CA Lock Realty Corporation VI, MI Low Income Housing Institute, IN Mainstreet Asset Management, IN Mark III Management Corp., IN Marquette Management, IL McClain Barr & Associates, NC Menorah Housing Foundation, CA Mercy Senior Health Partners, OH MHB Investments, Inc., IN Midwest Housing Equity Group Inc., NE Midwest Management Company, IN Milestone Ventures, IN Moynahan Williams, IN National Church Residences, OH Nation Center Property Management, SD NDC Real Estate Management, PA New Directions, IL N&H Enterprises, Inc., SC Pait Real Estate, Inc., NC Partners in Housing Development Corporation, IN Pedcor Companies, IN Perry Reid Properties, NE Pfister & Company, Inc., IN Pinnacle Management, Inc., TX PK Capital, LLC, IN PMG Management, CA Premier Property Management, MI Preservation Housing Partners, MI Preservation Partners Management Group Inc., CA Prime-Fallesen Development, LLC, NE Prime Property Management, IA Professional Property Management Company, IL Professional Property Services, MI Quality Quaker Management, OH Ralph Loveless, IN RealAmerica Development, LLC, IN Real Estate Management Corporation, IN Real Property Services, NV Realty Growth Corporation, PA Republic Management Corporation, MI Residential Management Company, IN RESOURCE Real Estate, PA Retirement Housing Foundation, CA Schroeder Management Company, OH Seldin Company, NE Senior Living Choices, Inc., VA Sheehan Property Management, IN Shelter Management Corporation, VA SK Management Company, LLC, CA Southport Financial Services, FL Stanford Management, ME Stewart Properties, MO Stratford Capital Group, VA SunTrust Community, GA TELACU, CA Tesco Properties, Inc., TN The Arter Group, NE The John Stewart Company, CA The Nagel Group, IL The NRP Group LLC, OH The Pendergraph Companies, NC The Richman Group of Companies, CT TM Associates Management, MD Topa Management Company, CA Transom Development, Inc., NC Turtle Creek Management, IN Van Rooy Properties, IN Vista Management Company, OH WAJ Management, Inc., NC Wesley Housing Development Corporation, TN Westminster Company, NC WinnCompanies, MA W.S. Smith, MI WXZ Development, OH Wynnefield Properties Inc., NC



Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

WWW.DOZ.NET | 866.848.5700



A Crew You Can Count On

Affordable housing management companies all over the country count on Bostonpost for web-based software that balances impressive capabilities with ease-of-use and is backed up with responsive support services.

Our customers use Bostonpost software and services to help property management, maintenance, and accounting staff pull together to reduce the administrative cost of managing their properties.

Bostonpost – A total solution for affordable housing compliance and administration

Bostonpost's web-based software was designed from the start to handle the complex mix of affordable housing programs that is common today. Whether you are managing properties with just project-based vouchers, properties rehabilitated with tax credit funding, newer properties with complex layered funding, or anything in between, Bostonpost software can help you manage all of it in one application that property managers can handle with ease.

To find out how Bostonpost software and services can help your company, visit www.bostonpost.com or request an online demo to see firsthand how the Bostonpost system can support the types of properties you are working with.

**Call Bostonpost today 603-669-8553
to schedule an online demo**

 **BOSTONPOST**
TECHNOLOGY
WEB-BASED AFFORDABLE HOUSING SOFTWARE





Recognizing the Nation's BEST Affordable Properties

FOR THE 19TH YEAR, NAHMA HAS RECOGNIZED the best multifamily affordable housing communities across the country for excellence in the way they manage the physical, financial and social condition of the properties. Member sites also are honored on the basis of 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.

This year, there are five Communities of Quality® (COQ) award categories and winners.

For the 8th straight year, the COQ awards are co-sponsored, with NAHMA, by HD Supply™ Multifamily Solutions, a leading supplier of maintenance and renovation products to the multihousing industry.

The COQ awards will be presented at NAHMA's annual winter meeting, March 11-13, 2012, in Washington, D.C.

"It's quite an accomplishment to be named a National Community of Quality® Award winner," said Kris Cook, CAE, Executive Director of NAHMA. "The competitive process pits outstanding properties against one another, and our independent panel of judges carefully analyzes the entries to select the ones that really stand out."

"Anybody who looked at the entrants, and especially the winners, of the National COQ Awards program couldn't help but be impressed with the quality of the housing and the services provided to residents," said NAHMA President Scott Reithel, NAHP-e. "These communities are certainly great assets to their communities."





EXEMPLARY FAMILY DEVELOPMENT **Trolley Square Apartments** **Cambridge, MA**

OWNER: Homeowner's Rehab, Inc.

MANAGEMENT: WinnResidential

AHMA: NEAHMA

Trolley Square is a 40-unit, mixed-use development built to create an affordable housing community that utilizes both green technology and resident services to enhance the overall living experience. The mixed-income, mixed-use development consists of 32 rental units and 8 homeownership condominiums designated solely for first-time buyers.

In addition to creating a healthy and energy efficient place to live, Trolley Square has a high level of resident services. There are a number of programs, events and opportunities that the residents take advantage of and greatly benefit from.

These programs promote opportunities for educational growth and include financial literacy classes, free yoga classes for woman with a history of trauma, The Center for Families playgroups, the North Cambridge Artist Association meetings and life skills workshops for teenagers with autism. All of this takes place in Trolley Square's spacious community room, which hosts numerous groups and functions throughout the year. Trolley Square also has a scholarship program that offers up to \$50,000 a



year to as many as 20 residents pursuing two- or four-year college degrees.

EXEMPLARY DEVELOPMENT **FOR THE ELDERLY**

Back of the Hill Apartments **Boston, MA**

OWNER: Back of the Hill Community Development Corporation

MANAGEMENT: The Community Builders

AHMA: NEAHMA

Back of the Hill is a 124-unit, high-rise apartment building first built in 1981. It underwent an extensive rehabilitation in 2008, making it a very attractive place to live and work. Residents have access to many amenities, including a very large patio and community room. The dining area resembles a French café with beautiful small round glass-top tables.

Back of the Hill Apartments is conveniently located near public transportation and is close to many of the world's best hospitals, educational institutions and museums.

Management is always thinking about new programs, activities and health initiatives to offer its residents. These include art workshops conducted by students from the Massachusetts College of Art and Design, fitness classes and guest speakers. Dental workshops are conducted by students from the Forsyth School of Dentistry (Tufts University), and there are regular visits from students in the Massachusetts College of Pharmacy.

Management recently partnered with the Cooperative Arts Institute of Boston to create the Happy Healthy Club, a

LEFT: Trolley Square prides itself on energy efficiency and services to residents.



ABOVE: Back of the Hill residents prepare to enjoy a performance by percussion group Tribal Rhythms.

socially inclusive, learning environment that taps the power of the arts, games, retreats and other social activities to inspire elders and those in our site with physical and emotional challenges to become more engaged. Back of the Hill also has an extensive and constantly updated library and computer learning center.

OUTSTANDING TURNAROUND **OF A TROUBLED PROPERTY**

Leyden Woods Apartments **Greenfield, MA**

OWNER: TCB Leyden Woods LP

MANAGEMENT: The Community Builders

AHMA: NEAHMA

Leyden Woods Apartments is a 200-unit, 40-year-old community of garden-style apartments that serves 197 families—including 224 children, nine seniors and 66 disabled residents. Until The Community Builders (TCB) took owner-

ship of the property in 1996, it was a decayed campus whose buildings were extremely dilapidated. The amount of drug activity in the community was significant, and Leyden Woods was known locally as housing of last resort.

Since TCB took over, new siding, roofs, appliances, carpeting, and kitchen and bathroom upgrades have greatly improved the condition and appeal of the buildings. Conversion to natural gas and owner-paid heat was a great relief to residents. A full-time resident coordinator facilitated the effort to rid the community of drug dealers.

As the site got safer, more and more residents became involved in the community—a turning point as far as TCB was concerned. They began focusing on starting a community garden, library, computer lab, Fun Club, Homework Club, food pantry, holiday

RIGHT, TOP & BOTTOM: Easter is a big event at Leyden Woods. The children of Leyden Woods work in their garden.

parties, field trips and much more. Several years later TCB built a community center, and new services and programs are constantly being added.

What was once a blighted, frightening, unsafe community was transformed into a setting of gardens, playgrounds and neighborhood activity in a setting of rolling hills, farmland and woods. This is a community that truly transformed itself.

EXEMPLARY DEVELOPMENT FOR RESIDENTS WITH SPECIAL NEEDS

**Mullen Manor
Sicklerville, NJ**

OWNER: MSAA

MANAGEMENT: PRD Management, Inc.

AHMA: JAHMA

Mullen Manor is a 25-unit complex



built in 1999 under the direction of the Multiple Sclerosis Association of America and with the assistance and under the management of PRD Management, Inc. of Merchantville, N.J. Many of Mullen Manor's residents are severely handicapped, and the staff affords them a sense of independence they would not otherwise have.

Mullen Manor is a barrier-free facility with amenities such as roll-in showers with built-in seats and grab bars, roll-under sinks and countertops for wheelchair accessibility, extra-wide doors and pull cords accessible for emergencies. There's a community room where numerous activities take place. A newly installed gazebo overlooks a county park where the company had

LEFT: Residents of Mullen Manor take a field trip to the Philadelphia harbor.



LEFT AND BOTTOM: The Aurora was built 100 years ago and underwent a complete rehab.

declined in the 1950s, it was sold for salvage rights in 1982.

The Community Builders (TCB) acquired the property and undertook a complete rehab. The property opened once again as

studio apartments. Although the area around it continued to deteriorate, the Aurora quickly filled and became a safe haven. The location is convenient, the apartments in excellent condition and the community supportive. For whatever length of time residents remain, they are treated with dignity and enjoy numerous activities, including movie nights, bingo, cribbage, dominoes and an outside horseshoe pit and barbecue.

The many referrals the Aurora receives from prior residents indicate that it is among the top SROs in the state. **NN**



walkways installed for direct wheelchair accessibility into the park and to Camden Community College. Several residents have received various degrees from the college.

The Multiple Sclerosis Association offers residents the use of a van and driver for monthly trips to local attractions. Because the property is relatively small, residents have a real sense of community and are treated by all with empathy and compassion.

EXEMPLARY DEVELOPMENT FOR SINGLE-ROOM OCCUPANCY HOUSING

Aurora Apartments Worcester, MA

OWNER: The Community Builders

MANAGEMENT: The Community Builders

AHMA: NEAHMA

The Aurora is an 87-unit, high-rise apartment building in the heart of downtown Worcester that is more than 100 years old. Originally it boasted a sparkling façade, posh lounge and large banquet hall. In its heyday it was a premier hotel where weddings and receptions took place. As the property

Corporate Support for COQ Awards

Management companies that have at least 50 percent of their property portfolio accepted into the COQ National Recognition program qualify for the Communities of Quality® Corporate Partner Designation. This designation was created specifically to honor management companies that successfully maintain a significant portion of their properties to the high standards of the COQ National Recognition program. NAHMA wishes to thank the following corporate partners for their support of the Communities of Quality® Awards program.

**American Apartment Management
Company Inc.**

AIMCO

**American Baptist Homes of the West
(ABHOW)**

CSI Support and Development Services

First Realty Management

Metropolitan Associates

Peabody Properties Inc.

PRD Management

Spear Management

TESCO

The Community Builders Inc.

Walton Community Services

**Wesley Housing Corporation of
Memphis, Inc.**

Westminster Company

WinnResidential

For more information visit NAHMA's website at www.nahma.org.

EXCELLENCE IN ACTION

2011 Industry Award Winners

Once again, NAHMA is pleased to recognize leaders in affordable multifamily housing for their outstanding service and achievement. More details on award winners will be published in the March-April issue of NAHMA News, including photos of the awards ceremony, which is scheduled for Monday, March 12, 2012 starting at 6:30 pm at The Fairmont Washington. More details on the NAHMA meeting are available at www.nahma.org/meetings/MeetingInfo.html.

NAHMA INDUSTRY STATESMAN

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

Ted Seldin, Chairman, Seldin Company, Omaha, NE—Ted Seldin has worked for more than 50 years to build one of the most productive and professional companies in the industry. In addition to starting up the Iowa/Nebraska AHMA, he was involved in the creation of NAHMA.

NAHMA INDUSTRY ACHIEVEMENT

The following awardee is recognized for his ever-increasing level of service, the strategic nature of this service and his commitment to affordable housing.

Daniel F. Murray, President, DM Associates, Scottsdale, AZ—Dan Murray is a recognized leader and innovator whose contributions have been integral to the success and continued growth of the affordable housing management industry at the local, national and international levels. He is a past president of NAHMA and has a long-standing commitment to the Institute for Real Estate Management (IREM), the National Apartment Association (NAA) and other trade/industry/agency groups.

NAHMA INDUSTRY PARTNER

The following co-winners deserve a great deal of appreciation for their long-time commitment to the affordable housing industry—among many other accomplishments.

Robert W. Reavis, Jr., former HUD Administrator—Bob Reavis recently retired from government service after a long career that culminated in his serving as the Acting Director, Jacksonville Multifamily HUB, after directing the Atlanta Multifamily HUB. He also served as the acting manager in HUD's Miami and Memphis offices and from 1999-2000 served as the Acting Deputy Assistant Secretary for Multifamily Housing Programs in Washington, D.C. Bob was instrumental in SAHMA's ability to establish a partnership in Puerto Rico which has grown to more than 300 attendees at the seventh annual conference in San Juan.

Abebe Tsadik, Chief of Asset Management for the California Housing Finance Agency (CHFA)—Abebe (Abe) Tsadik serves as Chief of Asset Management for CHFA, which provides oversight and management to more than 500 affordable housing developments throughout California. In addition, among his accomplishments during the past 21 years, was the creation of the Mental Health Services Act (MHSA) program, providing housing to the homeless and mentally challenged.

AHMA OF THE YEAR

Regardless of size, these organizations excel in membership recruitment and retention, education and training, financial stability and growth and other criteria.

SAHMA (Large)—Always innovative, SAHMA in 2011 created a Housing Authority Membership, maintained an 88.7 percent membership retention rate, and continued its expansion of training and education to include 23 events that trained more than 900 students.

JAHMA (Medium)—In 2011, JAHMA achieved a 10.9 percent increase in membership, an 89-93 percent retention rate in affiliate and vendor members, respectively, and an increase in both course attendance and course offerings.

PennDel AHMA (Small)—PennDel AHMA boosted its membership with an attractive incentive program, income from its education and training events resulted in a significant improvement over previous years, and it expanded its focus on credentialing and COQ recognition.

AHMA MEMBERSHIP RECRUITMENT AWARD

This award is presented to an AHMA that consistently achieves outstanding member recruitment levels in relation to its size and history.

MAHMA (Large)—MAHMA aggressively identified potential member companies and markets through its educational programs, through its numerous partnerships, and at conferences, including the first Midwest

Affordable Housing Summit in Chicago, which it hosted and which was attended by more than 400 people. MAHMA also uses social marketing as an outreach tool.

NEAHMA (Medium)—NEAHMA saw a considerable uptick in new members and renewals, aided by a unique one-time incentive for potential members called NEAHMA Bucks, which enables potential members to attend a training event for free to experience what NEAHMA is all about.

AHMA INNOVATION AWARD

These organizations are recognized for innovative approaches to challenges at their sites and/or in their communities.

PAHMA and NEAHMA (Co-winners for Medium)

PAHMA (The Professional Affordable Housing Management Association in Western Pennsylvania) shares this award for its innovative 25th anniversary fall conference and celebration, which included two days of education and training, a ceremony honoring communities receiving high REAC scores, and the awarding of PAHMA Platinum Awards for Communities of Excellence.

NEAHMA received the Innovation Award for two programs, one for expanding its services into areas of New England further afield than its traditional focus, which resulted in its participation in Vermont, Maine and New Hampshire's Tri-State Conference. The second innovation is the TEAM NEAHMA charity program.

PennDel AHMA (Small)—In order to increase its contribution to the NAHMA Educational Foundation, PennDel AHMA created a Fall Conference Commemorative Journal for its annual conference and raised \$8,125 by selling ads, an amount later complemented by its board to raise the amount to \$15,000.

AHMA COMMUNITIES OF QUALITY® AWARD

NAHMA is pleased to acknowledge those organizations with the highest number of COQ properties based on AHMA size.

SAHMA (Large)—Since its banner year for participation in the COQ Award program, another 68 properties have become Nationally Recognized Communities of Quality®, for a total of 314 properties. SAHMA actively markets the program and was pleased that one of its members again received a national COQ Award.

NEAHMA (Medium)—NEAHMA received this award for having the most member properties submit applications to the COQ awards program, with more than 90 applications submitted.

PennDel AHMA (Small)—PennDel AHMA continues to grow and now has 50 Communities of Quality® members. Three management company members of PennDel AHMA are COQ Corporate Partners, a distinction held by only 15 companies across the nation.

NAHMA MEMBERSHIP RECRUITMENT

This award goes annually to a NAHMA member who leads in new member recruitment for the previous 12-month period (based on data maintained by NAHMA staff).

Co-winners: Jim McGrath, President, PRD Management, Inc., Pennsauken, NJ, and Karen Newsome, Vice President, Administration, WinnResidential, Boston, MA.

NAHMA COMMUNITIES OF QUALITY® AWARDS

This annual award is given to the NAHMA members with outstanding participation in the NAHMA National Recognition Program COQ Registry (based on data maintained by NAHMA staff).

MOST NEW IN 2011: PK Management, Greenville, SC; The Community Builders, Boston, MA; and Peabody Properties, Braintree, MA

MOST TOTAL: AIMCO, Denver, CO

NAHMA PRESIDENT'S AWARD

*This award is announced and presented at NAHMA's March 12, 2012 annual Winter Meeting's awards reception. **NN***

New Policy on Sale of Projects Nearing Maturity

In mid-November, HUD issued Notice H 2011-31 regarding the “Policy for Treatment of Proceeds Resulting from the Sale of FHA-insured or Secretary-held formerly insured Multifamily Projects by Nonprofit Owners.”

The notice provides guidance and clarifications on the Department’s policy regarding the use of sale proceeds from a multifamily project sold by a nonprofit owner that has an FHA-insured or Secretary-held formerly FHA-insured mortgage. Many such nonprofit owners are selling their properties to purchasers who will maintain the long-term affordability of the project.

The notice clarified the circumstances under which nonprofit owners may retain the proceeds from the sale of a project, and the processing oversight that will be provided by HUD.

BACKGROUND

According to the notice, nonprofit organizations own 39 percent of all Section 236 and 221(d) (3) properties with maturing mortgages. Currently, more than 700 nonprofit-owned Section 236, Section 231 and Section 221(d) (3) properties have mortgages that will mature within the next 10 years, representing roughly 80,000 affordable units, including 42,000 units with project-based rental assistance.

As the mortgages mature on these properties, the underlying use and affordability restrictions also expire, placing the long-term affordability of the properties at risk. In addition, the physical viability of these properties is also at risk as many of the properties will need significant capital improvements to continue operating competitively in the marketplace, and to continue offering safe and decent affordable housing to residents of the project.

In the notice, HUD offers nonprofit

owners a number of tools to accomplish the refinancing and recapitalization of their properties. Nonprofit owners with properties subject to Section 250(a) of the National Housing Act may prepay their mortgages with HUD approval, provided that all conditions of Section 250 are met. Nonprofit owners of Section 236 properties with Interest Reduction Payments (IRPs) may complete the IRP Decoupling process to receive ongoing operating resources.

Other nonprofit owners may elect to syndicate Low-Income Housing Tax Credits (LIHTC) and form new partnerships following the process outlined in HUD’s Transfer of Physical Assets policies. HUD observed that these tools have proven to be extremely useful options for those nonprofit owners wishing to retain ownership of the properties.

Historically, HUD restricted nonprofit owners from receiving the proceeds from the sale of an FHA-insured or Secretary-held property. Proceeds are defined as the difference between the sales price of a project and the mortgage payoff amount. This restriction has created a disincentive for nonprofit owners to sell properties to purchasers seeking to preserve properties and maintain their long-term affordability.

HUD said that it wants to facilitate the sale and preservation of these properties as affordable housing, prior to their mortgage maturity dates. The notice provides the parameters under which a nonprofit owner may retain proceeds from the sale of a property to complete a preservation transaction prior to mortgage maturity.

A copy of the notice may be found at <http://portal.hud.gov/hudportal/documents/huddoc?id=11-31hsgn.pdf>. **NN**

2012 Vanguard Award Details and Deadline

NAHMA recently announced that the deadline for its 2012 Affordable Housing Vanguard Award is April 13, 2012.

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

■ Pays tribute to developers of high-quality affordable housing;

■ Demonstrates that exceptional new affordable housing is available across the country, and that it is a positive addition to any neighborhood;

■ Demonstrates that the affordable multifamily industry must be creative and innovative to create exceptional properties given the financing and other challenges to development;

■ Highlights results of private-public partnerships required to develop today’s affordable housing; and

■ Shares ideas for unique design and financing mechanisms with industry practitioners to further stimulate creative development in the affordable multifamily industry.

For more information on award categories, how to apply, the judging process and other details, visit <http://www.nahma.org/content/vanguard.html>. **NN**

NAHMA Submits Comments on REAC and Form 9834

Late in 2011, NAHMA submitted two sets of comments regarding issues of concern to its members. The first, sent to HUD's Office of General Counsel, addressed proposed changes to the physical condition scoring process for the Public Housing Assessment System (PHAS). The second was sent to the Office of Management and Budget's (OMB's) Office of the General Counsel concerning the second revision of HUD's Form 9834.

Summaries of NAHMA's comments are provided below. To read the comments in their entirety, please visit the NAHMA HUD webpage.

1. PROS AND CONS OF PROPOSED CHANGES TO PHAS

The October 13 *Federal Register* contained a notice from HUD describing changes to the physical condition inspection processes for both multifamily and public housing properties. These changes included:

- Implementation of a point loss cap in the scoring process,
- Changes to definitions in the Dictionary of Deficiency Definitions and
- Updates to the software that will be used by inspectors when conducting on-site inspections.

a. Point Loss Cap

NAHMA commented that it has long requested an adjustment to the current policy of assigning the point loss of a single deficiency across the number of buildings at a project, which has had a negatively disproportionate effect on the physical inspection scores of projects with relatively few buildings and/or units. NAHMA is pleased with HUD's proposal to implement a "point loss cap," which limits the number of points that a single deficiency can count against the overall property score.

b. Dictionary of Deficiency Definitions

There were several positive changes proposed for deficiency definitions that NAHMA believes will provide common-sense clarifications and help eliminate ambiguities in inspections. However, some

changes NAHMA considered problematic, including changes to:

- **"6. Building Systems: Exhaust System- Roof Fans Inoperable,"** which informs the inspectors that they may encounter exhaust fans in other building areas besides the kitchen or bathroom. However, NAHMA members worry that inspectors may record a deficiency for equipment that is not

NAHMA also urged HUD to ensure the protocol changes are consistent with the Administration's efforts to streamline rental housing programs through reducing physical inspections.

affiliated with the operation of the exhaust system. NAHMA urged HUD to clarify this definition.

- **"7. Building Systems: HVAC,"** which attempts to clarify that a deficiency may include the functionality of the cooling system. NAHMA is concerned that the language gives physical condition inspectors leeway to cite, as a "building system" deficiency, any part of the HVAC system, regardless of whether it applies to its functionality. NAHMA believes this could result in a large physical condition score point loss for something that may be a minor deficiency or repair.

- **"15. Common Areas: Floors Rot/ Deteriorated Subfloor"** states that, "If there is any doubt [of the subfloor condition], apply weight to detect noticeable deflection." NAHMA is extremely concerned that HUD's instruction to

"apply weight" to a suspect floor could result in injury to the inspector or additional damage to the property. NAHMA strongly urged HUD to remove the "apply weight" note from this definition.

- **"17. Common Areas: HVAC—Noisy, Vibrating, Leaking"** includes examples of "unusual vibrations, leaks, or abnormal noise" such as "screeching, squealing, banging, shaking, etc." REAC inspectors are unlikely to be trained HVAC technicians, NAHMA noted when pointing out that the examples add more subjectivity than clarification to the definition. As a result, properties may receive a citation for a non-existent deficiency. NAHMA urged HUD to maintain the current definition.

- **"22. Units: HVAC—General Rust/Cor-**

rosion" attempted to clarify the definition for HVAC deterioration. However, the defined deteriorations—rust and/or formations of metal oxides, flaking, discoloration, or a pit or crevice—may simply be a cosmetic blemish. NAHMA urged HUD to specify that cosmetic blemishes that do not affect the operation of the unit may not be cited as deficiencies.

- **"26. Units: Call for Aid-Inoperable"** contains changes that NAHMA requests HUD revise to specify the system does function as "intended" in order to "call for aid." NAHMA members report having received citations for cord condition or location—e.g., the cord was tied up and did not reach the floor—in Section 202 elderly housing units, despite the fact the cord "calls for aid" worked correctly when tested. NAHMA believes it is inappropriate for HUD to penalize the

property for a resident's decision to tie up the cord.

■ **"37. Health and Safety: Air Quality—Sewer Odor Detected"** is defined in a way that greatly concerns NAHMA because of its vagueness. It would allow any sewer odor to be recorded as a deficiency. A property owner often has no control over when sewer odors are detected—e.g., flooding, pipes bursting, etc.—especially when these incidents are not on the property. NAHMA urged HUD to clarify what a "health risk" from sewer odors entails.

c. Software Updates

NAHMA applauded HUD's efforts to update its inspection software, noting that current 14-year-old DCD

2.3.3 software is extremely outdated. However, NAHMA requested that HUD provide more information and field test the new software before its implementation.

ADDITIONAL CONSIDERATIONS

NAHMA also urged HUD to ensure the protocol changes are consistent with the Administration's efforts to streamline rental housing programs through reducing physical inspections.

2. INFORMATION COLLECTION AND MANAGEMENT REVIEWS

NAHMA's comments on the second revision of HUD's Form 9834 focused on its concerns with HUD's plans to implement the document and the four topics for which HUD requested public feedback.

a. Implementation

HUD is still planning a major transition from one group of performance-based contract administrators (PBCAs) and set of performance standards to a new group of PBCAs who will operate under a new set of performance standards. As of October 1, however, only 11 states had completed the transition to the new PBCA Annual Contributions Contract (ACC).

HUD is planning to rebid the 42

other state contracts through a Notice of Funding Availability (NOFA), but the Department has not yet released the NOFA or announced whether the PBCAs who win the NOFA will operate under the same ACCs as those who won the initial rebid.

In the meantime, HUD informed incumbent PBCAs that they will not be conducting MORs in the 42 states awaiting the NOFA rebid.

Because there is still such a high level of uncertainty surrounding the PBCA

NAHMA members report that it takes an average 16-24 hours for the management agents to compile the information required and for the contract administrator to complete the current Form 9834, depending on the size of the property and the management company.

transition process and the substantially revised Form 9834, NAHMA strongly encouraged HUD to provide sufficient time between the release of the final Form HUD-9834 and its effective date. During this interim period, HUD should ensure PBCAs are properly trained before requiring them to use the revised form as part of the MOR. "This will help HUD ensure PBCAs and O/As can revise their policies, procedures and trainings to ensure proper compliance with the information collection when the final form is required," NAHMA stated.

b. Practical Utility

The Department uses Form HUD-9834 to evaluate the quality of the management of HUD-assisted projects. The form establishes a clear format for reporting on expected corrective actions when an O/A is not complying with HUD rules and regulations.

While most of the document's questions tie directly back to handbook policies, regulations and statutory requirements, the legal citations are not necessarily provided. Furthermore, some questions in Form 9834 do not appear to be related to existing regulatory, statutory, or handbook guidelines.

NAHMA expressed disappointment

that HUD did not adopt its previous recommendation that the Department include the proper regulatory, statutory or handbook citations that govern the questions on the form. O/As should not be burdened with information collections that serve no clear purpose in evaluating regulatory compliance and should not be included.

NAHMA also noted that the revised Form 9834 still contains subjective questions that are inconsistent with HUD's efforts to improve the objectivity of the MOR.

Where the form calls for subjective opinions, NAHMA strongly urged HUD to either add criteria to help frame uniform, objective answers for the more ambiguous questions or remove those questions in their entirety.

c. Improving Quality, Utility and Clarity of Information Collected

NAHMA identified several issues within the October draft of Form 9834 that require further clarification.

For example, the **overall rating** section references a "utility" to help calculate MOR scores, based on the ratings guidance provided by Chapter 6 of the HUD Handbook. However, no utility has been included in the form. The absence of the utility is also a concern because the summary section does not specifically instruct reviewers how to score limited reviews (in which one or more categories are not rated), other than to enter a zero for that category.

Regarding *Part II. On-Site Review*, NAHMA pointed out that the question "Is there a certification on file documenting that the project has been certified to be free of lead-based paint or lead hazards?" needs clarification about the extent of certification/documentation required—specifically, whether HUD requires the

entire lead-free inspection report.

Both the June and October drafts of Form 9834 included a new question: "Are repayment agreements in accordance with HUD requirements?" Currently, repayment agreements are drafted by O/As based on terms that are mutually agreed to by both the tenant and the O/A. NAHMA pointed out that HUD does not have a standardized form for project repayment agreements and strongly urged HUD to cite the specific regulatory, statutory or handbook requirements the Department has in place in regards to repayment agreements.

Among other issues, NAHMA also asked for clarification as to whether "Total Accessible Units" must be UFAS compliant to be accessible, or whether the units may be counted as accessible if they were modified to accommodate an accessibility issue?

d. Collection Burden for Respondents

NAHMA members believe the time and paperwork burden placed on O/As, CAs and HUD officials will increase due to the changes made to the document. NAHMA said it believes that the agency's estimate of seven burden hours needed to prepare the information collection is extremely low. NAHMA members report that it takes an average 16-24 hours for the management agents to compile the information required and for the CA to complete the current Form 9834. The annual total burden hours are two to three times longer than HUD has estimated.

NAHMA stated that the additional paperwork and review the revised Form 9834 will generate is contrary to the goals of the Paperwork Reduction Act of 1995 and that there are better ways to reduce and streamline the information collected in order to evaluate the quality of a project's management.

NAHMA urged HUD to convene a taskforce of stakeholders—HUD officials, trade associations, PBCAs, multifamily O/As, etc.—to evaluate Form 9834 for the purposes of reducing the collection of unnecessary information and improving the quality, accuracy and consistency of information generated by the collection. **NN**

Scholarship Applications Now Being Accepted

The 2012 NAHMA Educational Scholarship Program application period is currently underway.

All member management companies are strongly encouraged to make worthy eligible residents aware of the program and encourage them to apply. The application must be filed online and can be accessed by going to www.nahma.org and clicking on the NAHMA Educational Foundation icon, then following the directions provided on the page that comes up.

Completed applications must be submitted by 10:00 p.m. EST on May 18th, 2012. In order to be considered complete an application must contain an application form, an essay, two references, a Certification of Residency in Good Standing and a current official grade transcript.

"The program has grown each year and we are looking for a big response from across the entire nation in this, our sixth year," commented NAHMA Education Foundation Chairperson Wayne Fox. "Last year, we had a number of terrific applications from the Pacific Northwest for the first time, and this year we are working to secure applications from other states west of the Mississippi. If successful, the program's impact will truly be spread across the entire country."

The scholarship program awarded \$34,500 in 2011 and more than \$179,000 over the life of the program. Residents with a high school degree who are applying to or are currently enrolled in a community college, university, trade or technical school should apply.

Anyone with questions or seeking more information can contact Dr. Bruce W. Johnson, NAHMA Scholarship Program Administrator at bwjec@comcast.net.

The NAHMA Educational Foundation Wishes to Thank the Following Contributors for Their Support in 2011

TO ITS ENDOWMENT

Bill Kargman, NAHP-e
David Durik
Gustavo Sapiurka
Jim McGrath, SHCM, NAHP-e
John Grady, SHCM, NAHP-e
Keith Howard, NAHP-e
Ken Pagano, SHCM, NAHP-e
Phil Carroll, SHCM, NAHP-e
Wayne Fox, SHCM, NAHP-e

TO THE FOUNDATION

Michael Alexander
Gerri Aman
Don Beebout
Margaret Bessette
Lynese Biniek
Jasmine Borrego
Maureen Callahan
Greg Carlson
Phil Carroll
Sandra Cipollone
Lon Claeys
Jeannette Claus
Kris Cook
Michael Cummings
Margaret Davey
Megan Davidson
Joe Diehl
Doreen Donovan

Michael Drandell
Cindy Duffy
David Durik
Wayne Fox
Priscilla Gilliam
Carol Glodney
Jed Graef
Raquel Guglielmetti
Debbie Hawkins
Steve Henderson
Nancy Hogan
Daria Jakubowski
Bruce Johnson
Julie Kelliher
Melanie Kibble
Keith Krom
Cindy Lamb
Randy Lenhoff
Peter Lewis
Mark Livanec
Margaret Maisonet
Jim McGrath
Matt McGuire
Jo Ann McKay
Walter Morgan
Dan Murray
Scott Nelson
Karen Newsome
Michelle Norris
Kim O'Shea

Ken Pagano
Scott Ployer
Megan Rafuse
Andy Reithel
Scott Reithel
C. Terry Ross
Lori Russell
Steven Sachs
Christina Sanchez
Gustavo Sapiurka
Maribeth Scheidig
Jason Scutt
Al Shapiro
Melanie Shapiro
Suzanne Sigmund
Michael Simmons
Larry Sisson
Gianna Solari
Johrita Solari
Karen Steinbaum
Seth Strongin
Bill Sullivan
John Tastor
Gwen Volk
Angie Waller
Christopher White
Chris Williamson
Robert Willis
Janean Wiltse
Bill Wollinger

There's No Place Like NAHMA for the BEST in Training and Certification



Enhance your career and improve your work today with training and certification programs designed by NAHMA specifically for you. You can:

- Attend a three-day course that earns you the coveted Certified Professional of Occupancy™ (CPO™) designation.
- Learn the compliance requirements set forth in the Fair Housing Act and Section 504 regulations.

Earn one of NAHMA's prestigious professional credentials, which are dedicated solely to recognizing and promoting achievement of the highest possible professional standards in affordable housing management. Programs include the

- National Affordable Housing Professional (NAHP™)
- National Affordable Housing Professional-Executive (NAHP-e™)
- Specialist in Housing Credit Management™ (SHCM™)
- Certified Professional of Occupancy™ (CPO™)
- Fair Housing Compliance™ (FHCT™)
- NAHMA Maintenance Professional
- Credential for Green Property Management

Take advantage of the National Affordable Housing Management Association's training and certification opportunities and add value to yourself as a professional.

For more information, visit www.nahma.org and click on Education/Credentials.

NAHMA

Challenges to Computing Energy Efficiency

Do you know if your building or your property is energy efficient? Do you know *how* energy efficient it is? Could it be *more* energy efficient? What tools, reports or analytics would you use to make these determinations? And why should you even care?

One of the more obvious answers to that last question is because of the effect utility consumption and costs can have on a property's bottom line. But if you have properties in New York City or Seattle, or if you are looking to refinance through an organization like Fannie Mae, there are potentially broader implications to your property's energy efficiency.

COMPARING ENERGY EFFICIENCY

Capturing utility consumption data can be tedious and labor-intensive, but it's still a pretty straightforward process. Using it to determine a property's energy efficiency is another thing entirely, as it necessarily involves the comparison of other, similar properties using some kind of benchmarking tool. Though the concept may sound relatively simple, comparing energy efficiency across a property inventory as diverse and complex as that found in the multifamily housing industry has made true benchmarking a complicated endeavor.

To date, the EPA's Portfolio Manager has been the most widely used comparative database for this purpose. Portfolio Manager is the data collection vehicle used for the EPA's ENERGY STAR program (run jointly with the Department of Energy), which provides an energy performance rating system already used for more than 200,000 commercial buildings across the country.

And while it has proven useful for benchmarking energy efficiency among

more traditional commercial and institutional properties (office buildings, schools, hospitals, etc.), the unique characteristics of the multifamily housing industry have rendered it largely inadequate for this application. It simply doesn't work to compare electric consumption in a 30-story, east coast, central HVAC high-

...comparing energy efficiency across a property inventory as diverse and complex as that found in the multifamily housing industry has made true benchmarking a complicated endeavor.

rise to a sprawling, garden-style apartment complex in the southwest.

The good news is that the EPA has begun to address Portfolio Manager's multifamily shortcomings by adding some new demographic data points. Providing these new data points is still optional and will not be required until 2013.

Regardless, New York City and Seattle have made it a requirement that apartment communities begin entering their energy consumption data into Portfolio Manager in order to gauge a property's energy efficiency. The intent in both cities is to facilitate a grading system that allows consumers to select buildings based on their energy efficiency, while providing a means for city leaders to monitor the energy performance of buildings in their jurisdiction. Austin, Texas will soon implement a similar program, while many other places are considering doing so: San Francisco, Washington D.C. and North Carolina, to name a few.

COMPUTING WHOLE-BUILDING CONSUMPTION

One of the limitations to these initiatives is the lack of so-called "whole building" consumption data. While owners obviously have access to consumption data for common areas, most residential units are

separately metered for electric and gas by utility companies whose privacy restrictions prevent them from sharing consumption data for these units.

This same limitation will have an impact on lending institutions that are interested in using energy efficiency as a criteria for making or refinancing loans.

Fannie Mae's Green Initiative Program, for instance, proposes to eventually make whole building consumption data a requirement for obtaining or refinancing loans, despite the fact that such data is for the most part not currently available.

Industry groups such as state and local associations, as well as specialized service providers like American Utility Management (AUM), have undertaken extensive efforts to define the precise data points needed to create a truly meaningful benchmark database, while lobbying entities like state utility commissions and energy companies for the release of such data.

Being able to incorporate whole building data into such benchmarking efforts will unarguably improve the results and allow for the attainment of many important objectives:

- Understanding true building consumption
- Lowering energy consumption and costs for tenants
- Incentivizing energy efficiency improvements
- Reducing overall energy dependence and
- Reducing overall environmental impact. **NN**

Dave Carpenter is Chief Strategic Officer for American Utility Management. Visit the AUM website at www.aum-inc.com.

REGULATORY WRAP-UP

IN LATE DECEMBER, HUD ISSUED A NUMBER OF NOTICES ONLINE and in the *Federal Register* that may be of interest to members. They are as follows:

- HUD Notice H 2011-35 “Hub and National Loan Committees.” See <http://portal.hud.gov/hudportal/documents/huddoc?id=11-35hsgn.pdf>.
- HUD Notice H 2011-36 “Large Loan Risk Mitigation Policies.” See <http://portal.hud.gov/hudportal/documents/huddoc?id=11-36hsgn.pdf>.
- HUD Federal Register Notice “Notice of Submission of Proposed Information Collection to OMB; Inspector Candidate Assessment Questionnaire,” December 23, 2011, Docket No. FR-5480-N-123. See www.gpo.gov/fdsys/pkg/FR-2011-12-23/pdf/2011-32950.pdf.
- HUD Federal Register Notice “Notice of Submission of Proposed Information Collection to OMB; Limited English Proficiency Initiative (LEPI) Program” (December 29, 2011, Docket No. FR-5480-N-124). See www.gpo.gov/fdsys/pkg/FR-2011-12-29/pdf/2011-33408.pdf. Copies of the reporting documents may be found at www.reginfo.gov/public/do/PRAICList?ref_nbr=201112-2529-001.

HUD NEWS

THE TREASURY/IRS LIHC NEWSLETTER NO. 47 IS NOW ONLINE. A copy of the newsletter may be found at www.nahma.org/member/Tax%20Credit/LIHC%20Newsletter%2047.pdf.

ON DECEMBER 7, 2011, HUD PUBLISHED NOTICE PIH 2011-66, “TERMINAL GUIDANCE ON DISASTER HOUSING ASSISTANCE PROGRAM-IKE (DHAP-IKE) AND EXTENSION OPERATING REQUIREMENTS” for PHAs and the housing choice voucher program. The notice provides updated information on the extension of the Disaster Housing Assistance Program for Hurricane Ike. A copy of the notice may be found at <http://portal.hud.gov/huddoc/11-66pihn.doc>. **NN**

Recent Notices and Letters from USDA-RD

OVER THE LAST FEW MONTHS, USDA-RD issued a number of procedures and administrative notices, as well as unnumbered letters, online that may be of interest to members. They are as follows:

- **USDA-RD Procedures Notice, PN 454—Changes made to the MFH Loan Origination Handbook (revised appraisal terminology) and MFH Asset Management Book (no change to the management fees for FY 2012).** See www.rurdev.usda.gov/regs/pn/pn454.html.
- **USDA Administrative Notice, No. 4602 “Rural Development Compliance with Lead-Based Paint Rule”—Guidance on Agency compliance in all programs with HUD’s rule titled “Lead-Based Paint Poisoning Prevention in Certain Residential Structures.”** See www.rurdev.usda.gov/SupportDocuments/an4602.pdf.
- **RD Administrative Notice No. 4600 “Acceptance of Termite Forms”—Instructions and information for Rural Development staff on the use and acceptance of the National Pest Management Association’s (NPMA) forms used by the Rural Housing Service Programs.** See www.rurdev.usda.gov/SupportDocuments/an4600.pdf.
- **RD Administrative Notice, No. 4597, “OMB Circular A-133 Audit Reporting Requirements Community Facilities Direct and Guaranteed Loan Borrowers and Grant Recipients”—Guidance on Community Facilities’ direct and guaranteed borrowers and/or grant recipients required to submit audits conducted in compliance with OMB Circular A-133, “Audit of States, Local Governments, and Nonprofit Organizations.”** See www.rurdev.usda.gov/SupportDocuments/an4597.pdf.

RD October Unnumbered Letters:

- “Guidance on Multi-Family Housing (MFH) Transfer Tracking”
 - “Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)”
 - “Fiscal Year 2012 State Internal Review Handbook”
 - “Implementation of Revisions to Unauthorized Assistance”
- See www.rurdev.usda.gov/SupportDocuments/uloctober11.pdf.

RD November Unnumbered Letters:

- “Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)”
 - “Student Income Eligibility Determination for Rural Development Multi-Family Properties”
- See www.rurdev.usda.gov/SupportDocuments/ulnovember11.pdf.

RD December Unnumbered Letters:

- “Multi-Family Housing Servicing Goals”
 - “Compliance with the Improper Payments Information Act Section 521—Rental Assistance Program”
 - “Request for Fiscal Year 2012 Rental Assistance Data for Renewal Needs for Multi-Family Housing”
 - “Guidance on Un-liquidated Multi-Family Housing Obligations and Farm Labor Housing (FLH) Market Studies”
- See www.rurdev.usda.gov/SupportDocuments/uldecember11.pdf. **NN**

Because life is complicated enough...

...there is



Learn about us now.



Much more than a file review,
much more than training,
not just consulting.
Reliable Results!

Call us at (321) 284-4233

www.preferredcompliance.com



training for the needs of **your** property

IN-DEPTH COMPREHENSIVE TRAINING TO ENSURE YOUR PROPERTY HAS WHAT IT NEEDS FOR SUCCESS

Finally, here is the in-depth training you need to really master HUD regulations and procedures.

Learn from an expert which Renewal Option will maximize your property's rents. Become skilled at preparing a budget based rent increase, reviewing Rent Comparability Studies for accuracy and preparing a R4R account analysis. Valuable spreadsheets that will save you time and effort are an optional component and available to each attendee.

The fee for this comprehensive one day training is just \$275 including spreadsheets, or \$199 without spreadsheets.

For more information or to register online, please visit our website at

www.contractmgmt.org.

PROVIDING TRUSTED SOLUTIONS
FOR YOUR PROPERTY'S ONGOING

Master Class Training is unlike any other HUD training you have attended. We provide current, in-depth training on the topics YOU need most. We offer pre-scheduled or corporate training, and will customize course content to suit the needs of your company.



master class
training

345 6th Street, Suite 200

Bremerton, WA 98337

360.616.7262 phone



In-depth Training for *HUD Compliance*

- experienced INSTRUCTORS
 - TARGETED training
- software SOLUTIONS
 - CUSTOMIZED topics

www.contractmgmt.org

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.

FEBRUARY

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

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

Asset Management Workshop
Atlanta, GA
Betsy Eddy
(404) 691-3337

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
Occupancy I
(Chapter 2)
Houston, TX
Michael Alexander
(281) 635-4499

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

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

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

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

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, CA
Debbie Hawkins
(805) 557-1088

27-29
CPO
Los Angeles, CA
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

11-13
NAHMA Winter Meeting
Washington, DC
Elizabeth Tucker
(703)-683-8630, ext 12

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

15
REAC Boot camp
Houston, TX
Michael Alexander
(281) 635-4499

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

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

28-30
CPO
Windsor, NJ
JoAnn McKay
(856) 786-6265

APRIL

4
LIHTC File Audit
Worcester, MA
Julie Kelliher
(781) 380-4344

10-12
FL State Meeting
FL
Betsy Eddy
(404) 691-3337

17
RI Agency Breakfast Meeting
RI
Julie Kelliher
(781) 380-4344

18
FHC
Springfield, MA
Julie Kelliher
(781) 380-4344

19
Spring Conference (Maintenance Focus)
PA
Chuck Scalise
(814) 453-3333

Risk Management
Houston, TX
Michael Alexander
(281) 635-4499

ME/NH/VT Agency Breakfast Meeting
TBD
Julie Kelliher
(781) 380-4344

25
MA Quarterly Meeting
MA
Julie Kelliher
(781) 380-4344

FHC
PA
Chuck Scalise
(814) 453-3333

26
CT Quarterly Meeting
CT
Julie Kelliher
(781) 380-4344

A Move to Idaho Proves Satisfying All Around

DOUGLAS PETERSON WAS A HARD-charging, 60-70 hour-a-week workaholic when the unexpected deaths of a couple of friends made him pause to consider whether how he was living really made sense.

"Quality of life and standard of living are not synonymous terms," he said.

He had gotten on the fast track fairly early, working for an engineering firm in early 1980s, "doing a lot of subdivisions and large commercial developments," he said. Then his wife had a baby and a job opened up in Arlington Co., Virginia's housing development office. "I decided it would be fun to go home during lunch and play with the baby, so I applied."

"We're working hard to increase our membership, and to come up with a dues and membership structure that works for both the mom-and-pops and the larger owners."

He got the job and was with Arlington County for 10 years.

He left that position to become executive director of the nonprofit Arlington Partnership for Affordable Housing. "I was their first fulltime employee," Peterson said. "They had approximately \$40,000 in the bank and 75 units of housing. By the time I left they had receivables of \$16 million and 671 units. Working with a great staff, we acquired several properties and tore down a 27-unit property that my predecessor had purchased and developed a 15-story high rise with 238 units. It took about six years from concept to construction completion, but it is doing very well. We earned a significant developer fee."

TAKING STOCK

What Peterson also got was burned out

and a wake-up call that maybe seven years of 70-hour weeks was taking its toll. Since his daughter had just graduated from high school, it was a good time to make a move. He and his wife decided to move to the Pacific Northwest, with its many opportunities for skiing, hiking, kayaking and all the other outdoor activities they enjoyed. After sending out "tons of resumes" and having a head hunter working for him, he accepted a position with The Housing Company in Boise, Idaho. He quickly decided Boise was the friendliest town he'd ever been in in his entire life.



NEW TO THE AHMA

Peterson hadn't gotten involved with an AHMA or NAHMA while on the east coast because he "was just too swamped," he said.

With the move to Idaho some of those other pressures disappeared.

His predecessor as Director had

been involved with the Idaho AHMA and he soon volunteered to help out. He quickly was elected vice president in 2010 and became president in early 2011.

"Currently we are working on three tracks at the Idaho AHMA," he said. "We're working hard to increase our membership, and to come up with a dues and membership structure that works for both the mom-and-pops and the larger owners," he said. "We're also ramping up our education and training and are positioning ourselves as the premier training provider in our region. Finally, we've created a webcast series of workshops to deal with the challenge of having members who live great distances from one another. We'll put all these webcasts in a video bank so anyone can view trainings any time that is convenient for them."

DEDICATED TO BOTH WORK AND HEALTH

The move to Idaho has been a great one for Peterson and his family. Both his son and daughter followed him to the Pacific Northwest, where his son works as a chef at the Shore Lodge and his daughter is about to be married in Spokane. There are rapids running through Boise that he can float, ski hills are a mere hour or two away and other outdoor activities keep him active and healthy.

"If only it would snow!" he said. **NN**

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword

BY SCOTT REITHEL, NAHP-e

Time for a New Strategic Plan



BY THE TIME THIS ISSUE OF *NAHMA News* reaches you, NAHMA's board and senior staff will have met to map out a new five-year strategic plan. A review of what the organization mapped out for itself during the last strategic-planning session in 2007 shows that we achieved most—and made serious

Just some of the successes we can check off between that planning session and this most recent one include:

- Launching a comprehensive NAHMA grassroots advocacy program, accomplished with our web-based Grassroots Action Center and consistent outreach to members

tioners and AHMAs (as evidenced by our expanded certification programs)

- Exploring issues and details of strategic relationships with other housing organizations in order to manage growth and increase capacity

I'll be pleased to share with you the results of our new strategic planning

session and trust that you will continue to be involved in our efforts to achieve our goals.

In the meantime,

A review of what the organization mapped out for itself during the last strategic-planning session in 2007 shows that we achieved most—and made serious headway on all—of the objectives we set for ourselves.

headway on all—of the objectives we set for ourselves back then.

That strategic plan and the new one will probably have similar primary goals: to advance legislative and regulatory policy beneficial to our members; to prepare affordable housing professionals to succeed in evolving economic and political environments; and to assure that NAHMA has sufficient human, capital and financial resources to achieve its preferred future and strategic plan.

- Mitigating the financial/administrative burdens and liability exposure of the LEP

- Obtaining clarity and consistency in REAC inspections, protocol and scoring

- Seeking reauthorization of the Mark-to-Market program

- Ensuring timely payment of HAP contracts

- Determining the professional development resources needed by NAHMA members, other affordable housing prac-

I hope you take pride in, as I do, the many successful and noteworthy programs described in this current issue of *NAHMA News*. I also hope you have already registered for our upcoming winter meeting, March 11-13, 2012, in Washington, D.C. We simply can't have an impact on members of Congress without you. **NN**

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