

# NAHMA News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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## A Reprieve, Not a Solution

PRESIDENT OBAMA SIGNED HR 8, the American Taxpayer Relief Act, into law January 3, permanently extending the Bush 2001 and 2003 income tax cuts for individuals making less than \$400,000 and families making less than \$450,000, fixing the Alternative Minimum Tax rate, delaying sequestration for two months, and extending a number of expiring tax cuts.

Meanwhile, the 113th Congress that convened in January is facing a raft of critical governing issues, not the least of which is further resolution of specific fiscal cliff consequences.

Within the first 100 days, the new Congress will need to address sequestration, the debt-ceiling and appropriations for the remainder of fiscal 2013, along with a high level of partisanship that has challenged meaningful discussion and timely decision-making. Other, longer-term issues confronting the new Congress include but are not limited to general

*continued on page 4*

### Update on Performance-Based Contract Administration

Due to a lawsuit related to the Performance-Based Contract Administration (PBCA) Notice of Funding Availability (NOFA), HUD alerted NAHMA and other industry groups that it was postponing the December 14, 2012, announcement of PBCA awards.

On December 13, HUD issued this statement: "Litigation has been filed in the Court of Federal Claims seeking to enjoin HUD from proceeding with the PBCA NOFA. HUD has agreed not to proceed with making the awards until the Court rules on the matter. A decision is currently expected to be reached by or before February 22, 2013."

HUD indicated that it would like to resume Management and Occupancy Reviews (MORs) in the 42 contested states, but agency officials do not know when that could happen. The contract extensions for these states do not include MORs among the PBCA tasks.

When the current annual contributions contracts (ACCs) in the 11 uncontested states expire after September 30, 2013, HUD plans to offer extensions to the incumbent PBCAs.

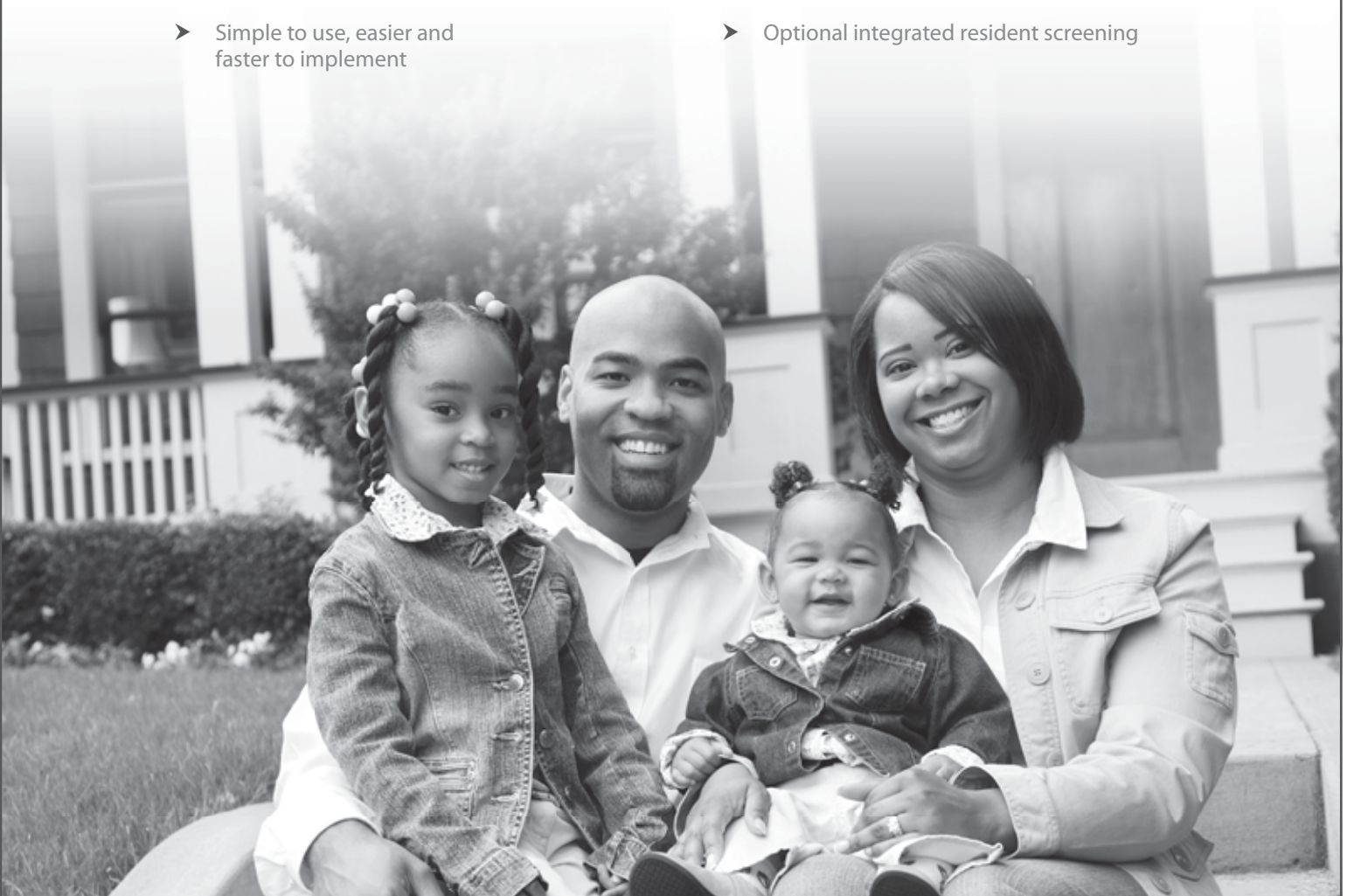
The current situation has roots deep into last year, when HUD encountered a strong pushback from PBCA contract bidders upon the release of HUD's bid-solicitation NOFA in March 2012. In August, the Government Accountability Office (GAO) said that the contract solicitation via NOFA was improper. The GAO also recommended that HUD drop the NOFA and instead use a procurement instrument to bid out contract administration services.

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## A Call for Action Today

HOW OFTEN, AND HOW EASILY, can you explain to your friends and family the importance of affordable housing—to your residents, to your immediate communities, and to the nation? I've spoken with hundreds of members over the years, and I can tell you I have never encountered a more articulate, impassioned group of people than those who work to provide

And members of Congress do pay attention to their constituents. Often it's said that members of Congress only pay attention to power brokers and big-time donors and don't care about ordinary citizens. According to research conducted by The Woodrow Wilson Center and elsewhere, that simply is not true. Members of Congress are

## A conversation you have with your Congressperson is not likely to fall on deaf ears.

influenced by special interests, but they are even more

high-quality affordable housing for people of modest or very few means.

This conversation about the importance of your work needs to come out from the dinner table or the training program or the latest conference you've been to, and be taken up with the people who have a huge influence on our work: our members of Congress.

It's so easy for us to be cynical about Congress, especially since much of the media focuses on the latest partisan deadlock rather than on substantive issues. Say what you will about the fiscal cliff, but at least it got a huge amount of media attention and led to a lot of people really understanding some of the connections between federal budgets, taxation and the provision of essential services as they never did before.

## WHY CALL CONGRESS?

Congress is our primary access to the federal government. If ordinary Americans have a complaint or suggestion about the government or about Congress's own deliberations, they usually can't reach the president, or the vice president, or a cabinet secretary. But they can reach their representative or senator.

influenced by their constituents.

Members really do believe that constituent views are important. But they can only know what those views are if you tell them.

A conversation you have with your Congressperson is not likely to fall on deaf ears.

## WHY CALL NOW?

You know why: The fall over the fiscal cliff was not averted—just delayed. The agencies and departments most affected, the nature of the cuts (for example, reductions in force vs. reductions in programs) and much more is very much up in the air. The legislation only delays sequestration (the approximately \$109 billion in automatic spending cuts) until March 1. We must rally if we want our programs to be as unaffected as possible by deliberate cuts or those caused by sequestration.

Debates about budgetary and programmatic cuts are going to continue unabated for at least the next few years. If we want affordable housing programs to be funded, we have to let our elected officials know that these programs are important, and why. **NN**

Kris Cook is Executive Director of NAHMA.

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debt and deficit reduction, housing finance reform, entitlement reform and tax reform.

As is well known, the Republicans maintain their position as the majority party in the House and the Democrats sustain their majority in the Senate during the 2013-2014 legislative session. Rep. John Boehner (R-OH) has been reelected as Speaker of the House and Sen. Harry Reid (D-NV) remains Senate Majority Leader.

### **IMPACTS ON AFFORDABLE HOUSING**

Sequestering funds requires across-the-board cuts to all discretionary programs, per the Budget Control Act of 2011

Shaun Donovan estimated that sequestering HUD's budget could result in a loss of:

- 53,000 jobs;
- Housing assistance for at least 250,000 households—many of which are elderly, disabled, and/or veterans; and
- Homelessness assistance for 100,000 households.

In mid-December, NAHMA learned in a meeting with HUD representatives that HUD is managing housing assistance payments (HAP) according to the FY 2013 continuing resolution. HUD's final 2013 budget is not yet in place because the FY 2013 Transportation-Appropriations bill was not enacted.

ees. Prior to the passage of the American Taxpayer Relief Act, the Office of Personnel Management (OPM) issued updated guidance to federal agencies for addressing administrative furloughs in the event sequestration was enacted.

Although the mandatory across-the-board spending cuts have been delayed, NAHMA believes that much of the OMB guidance will remain the same if sequestration is enacted in the future.

During administrative furloughs, federal employees would be required to take an unpaid leave of absence. Federal agencies are responsible for identifying the employees affected by administrative furloughs and scheduling furloughs based on budget conditions, funding sources, mission priorities and other factors.

Finally, federal employees may not volunteer to do their jobs on a nonpaid basis during their furlough.

For administrative furlough policy updates, go to [www.opm.gov/furlough/](http://www.opm.gov/furlough/).

### **OUTCOMES OF AMERICAN TAXPAYER RELIEF ACT**

The American Taxpayer Relief Act helped avert the fiscal cliff in a number of ways, principally by:

- Permanently extending important tax measures such as the 2001 and 2003 Bush income tax cuts for individuals making less than \$400,000 and families making less than \$450,000, and the 15 percent top capital gains and dividends rate for individuals making less than \$400,000 and families making less than \$450,000;
- Fixing the Alternative Minimum Tax rate and adjusting it for inflation each year going forward; and
- Delaying sequestration for two months, which will be offset by a reduction in the BCA discretionary spending caps by \$4 billion in fiscal 2013 and \$8 billion in fiscal 2014.

In addition, the act would allow individuals to roll 401(k) assets into a Roth IRA, which would require an initial payment of tax liability on previously untaxed income.

(BCA). The sequester seeks to achieve a \$1.2 trillion reduction in the deficit over a 10-year period.

While specific effects on affordable housing were unknown at press time, the looming, estimated 8.2 percent across-the-board cuts to HUD and USDA housing and community development programs shape a broad set of possible actions now and as the sequestration deadline approaches.

Last September, HUD Secretary

HUD developed several scenarios to manage funding if sequestration is implemented. At the time of the meeting, HUD could not rule out the possibility that the 8.2 percent across-the-board cuts could be applied to individual contracts. But no final decisions had been made about how to implement sequestration.

HUD operations depend on having skilled staff available to manage and implement programs, but sequestration may cause lost time for federal employ-



The legislation also extended a number of other expiring tax provisions, including:

- Freezing the minimum credit rate for LIHTCs at 9 percent for properties placed-in-service before December 31, 2013;
- Exempting military basic housing

income through December 31, 2013;

- Reauthorizing the new markets tax credit through 2014; and
- Extending the personal exemption phase out and itemized deduction limitations for individuals making \$250,000 or

percent payroll tax cut or increase the debt ceiling.

A detailed summary of the bill's provisions is at <http://www.gop.gov/bill/113/1/hr8senateamendments>.

NAHMA will keep members informed as fiscal and sequestration issues develop and move forward in the 113th Congress. In the meantime, NAHMA strongly urges members to contact their

**While specific effects on affordable housing were unknown at press time, the looming, estimated 8.2 percent across-the-board cuts to HUD and USDA housing and community development programs shape a broad set of possible actions now and as the sequestration deadline approaches.**

allowances when determining a household's income for LIHTC properties through 2014;

- Extending the ability to deduct the cost of mortgage insurance on qualified personal residences for individuals with adjusted gross incomes at or below \$110,000 through December 31, 2013;
- Allowing mortgage debt forgiveness up to \$2 million to be excluded from

less and families making \$300,000 or less.

In addition, the act:

- Increases the estate tax from a 35 to a 40 percent rate with a \$5 million exemption threshold;
- Provides a one-year patch to the Medicare "doc-fix," which would be offset by reducing Medicare spending; and
- Extends the Farm Bill for one year.

Finally, the bill did not extend the 2

representatives and educate them on the importance of funding and maintaining affordable housing programs for their districts in 2013 and beyond.

For more information about contacting your representatives, and the most pressing issues facing the affordable housing industry, please visit NAHMA's Grassroots Advocacy Website located at [www.nahma.org/content/grassroots.html](http://www.nahma.org/content/grassroots.html). **NN**

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# Calling All Grassroots Advocates— Yes, That Includes You!

WHAT IS NAHMA TRYING TO achieve through its grassroots advocacy program?

Our primary goal is to ensure that federal policies promote development and preservation of quality affordable multifamily housing. Likewise we are working to raise the understanding among policy makers and the general public that affordable rental housing is essential to the nation's well-being. To achieve these goals, NAHMA's grassroots advocacy program must attract broad participation by members.

## A COMPREHENSIVE REVIEW

Last year, NAHMA's Board of Directors directed staff to explore ways to increase members' participation in our advocacy initiatives. Pursuant to NAHMA's Strategic Plan, we launched a comprehensive evaluation of our advocacy communication methods and content.

This four-part review was intended to make sure our advocacy materials are focused, relevant and user-friendly. First, NAHMA invited all of our members to complete a survey about the usefulness of our current products such as NAHMA Analyses, Grassroots Action Alerts, the weekly legislative update (provided to Executive-level members) and even the policy content of NAHMA's website. The survey was completed last October.

In the second phase of the review, begun in October 2012, NAHMA hired a consultant to conduct in-depth interviews with a smaller group of individuals who represent a cross-section of NAHMA's membership. The interviewees shared their thoughts about what works in NAHMA's advocacy program, offered

some recommendations for building on the positives and provided constructive feedback about how we might further improve. At press time, all interviews were completed.

The third step in this review, the AHMA convocation, took place in Atlanta on November 12, 2012. This meeting was not limited to discussions about advocacy, but it provided a forum for AHMA representatives to share ideas about engaging AHMA members in NAHMA's grassroots activities. For example, the AHMA representatives suggested that we could persuade members that grassroots advocacy works by collecting case studies of how other members have made a difference.

The last part of our comprehensive review will examine best practices in grassroots advocacy. We will compare our methods to other organizations'. More importantly, we will research the advocacy communication methods most favored by members of Congress. Phase Four will be completed in the coming months.

## STEPPING UP ADVOCACY

Using the information gathered from these efforts, NAHMA will take its advocacy program to the next level in 2013.

Knowledge is power, but only if the knowledge-bearer understands how to use the information provided. Make no mistake, we intend to empower NAHMA and AHMA members! Later this year, we will provide toolkits that clarify how and why members can participate in grassroots advocacy. One toolkit will be tailored to NAHMA's Executive Council members (i.e., execu-

tive, associate and affiliate members). A separate toolkit will be prepared specifically for the AHMAs.

We will also provide more opportunities to recognize dedicated grassroots advocates. For instance, we are considering a new column for *NAHMA News* called, "Advocacy Spotlight: Members Making a Difference." Twice a year, we would feature stories about members who would like to share positive experiences that might inspire other members to take a chance and build relationships with their U.S. senators and representatives.

In the spirit of applauding leadership by example, NAHMA will be creating an annual "Affordable Housing Volunteer Advocate of the Year" Award. This award will recognize a NAHMA member who has demonstrated a strong commitment to advance NAHMA's legislative priorities.

Likely criteria for the award include:

- Demonstrated leadership in grassroots advocacy, which includes mentoring new participants; and
- Exemplary efforts to educate a congressional delegation about important affordable housing issues and NAHMA policy positions.

The nomination and selection process will be consistent with NAHMA's established procedures for its other industry awards. We anticipate calling for nominations this year and naming the first winner at NAHMA's 2014 Annual Industry Awards Ceremony.

With your support, these new initiatives will be the first of many successful efforts! **NN**

*Michelle Kitchen is Director, Government Affairs for NAHMA.*





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# The Housing Credit in 2013: Building on Our Success and the Road Ahead

THE NEW YEAR BEGAN WITH a major victory for the Low-Income Housing Tax Credit (Housing Credit) and the Affordable Housing Tax Credit Coalition (AHTCC). Congress's fiscal cliff package, agreed upon late on January 1, 2013, included an extension of the 9 percent floor for the Housing Credit. Any projects receiving allocations by the end of 2013 may use the minimum 9 percent credit rate instead of the monthly floating rate, which is now closer to 7.36 percent. This extension will ensure more equity can go into any one given project and will increase the financial viability of Housing Credit deals....

Aside from the 9 percent floor, the extenders package includes another Housing Credit-related provision in the continued exclusion of military basic housing allowances from income qualification calculations (for both the Housing Credit and tax-exempt private activity multifamily housing bonds) from January 1, 2012, to January 1, 2014.

It also contains two additional years of New Markets Tax Credit allocations at \$3.5 billion annually, an extension of the ability to exclude discharged mortgage debt from taxable income, and an extension of the ability to deduct from taxable income the cost of mortgage insurance on a qualified personal residence.

The extension of the 9 percent floor is a major achievement. But there are still challenges ahead in 2013, both in protecting the Housing Credit in tax reform and in extending the 9 percent floor permanently. The Administration and Congress have identified corporate

tax reform as a top bipartisan priority for 2013, and during the fiscal cliff negotiations, the Administration asked Congress to set a deadline for tax reform of August 1. Many members of Congress have urged an approach to corporate tax reform that would involve eliminating or severely cutting as many credits and deductions as possible; any credit or deduction would have to be newly justified, along with its corresponding tax increase.

As you know, the case for the Housing Credit is strong. It is the nation's most successful affordable housing production program and a major job creator. We received extensive bipartisan support for our efforts to strengthen the Credit in the 112th Congress. And the ability to provide high-quality affordable housing efficiently will become even more important as we face likely spending cuts to other affordable and assisted housing programs, especially once the currently delayed sequestration battle restarts again in a couple of months—coinciding with a renewed debt ceiling debate.

But a new Congress with new members and leaders—with the pressure to address tax reform—demands a new effort on our part. We must continue to make sure that key members of Congress and their staff understand the Housing Credit and its impact in their communities well before a comprehensive tax reform bill is drafted.

Sen. Maria Cantwell (D-WA) and Rep. Patrick Tiberi (R-OH) have been invaluable champions of the program, and we will be counting on their continued support, but we also need many others who will join them in demanding that the Housing Credit not be harmed

by tax reform.

The Affordable Housing Tax Credit Coalition (AHTCC) is a leading stakeholder of the broad, big-tent coalition, A Call to Invest in Our Neighborhoods (A.C.T.I.O.N.) Campaign, which boasts over 400 national, state and local organizations, representing all corners of the affordable housing industry in all 50 states. Heading into the 113th Congress, our strategy includes a three-part approach of legislative advocacy, coalition building and a targeted media campaign to persuade key members of Congress to stand up for the Housing Credit, even while other tax credits and deductions are being cut.

Our coalition will regroup early in 2013 to develop a strategy to both protect the credit in tax reform, to extend the 9 percent floor and institute a similar floor for 4 percent allocated credits on a permanent basis. In the meantime, we would like to congratulate those who have been involved in Housing Credit advocacy efforts to date. For those of you who are not yet a supporter of the ACTION Campaign, we urge you to join us to save and strengthen the Housing Credit in 2013.

To learn more, visit the campaign's website at [www.rentalhousingaction.org](http://www.rentalhousingaction.org). **NN**

*Peter Lawrence is Senior Director, Public Policy & Government Affairs, and Emily Cadik is Senior Policy Analyst for Enterprise Community Partners, Inc. This article was originally published as a guest blog on the Affordable Housing Tax Credit Coalition (AHTCC) website, <http://taxcreditcoalition.org>. It is reprinted with permission from the AHTCC and the authors. To read this article in its entirety, please see <http://taxcreditcoalition.org/guest-blogger/the-housing-credit-in-2013-building-on-our-success-and-the-road-ahead/>.*

# New Policies for Capital Needs Assessments

**A** mid-December meeting with HUD staff yielded additional insights into revised HUD policies on Project Capital Needs Assessments (PCNAs), estimating replacement reserves, and fair housing accessibility requirements and deficiencies.

Because Hurricane Sandy resulted in the cancellation of NAHMA's HUD Forum in October, senior HUD staff offered to meet with NAHMA staff and leaders to follow up on questions NAHMA members had raised in preparation for the forum. Concerns about the local management impact of the new requirements were a priority for discussion.

HUD Notice H2012-27/ Mortgagee Letter (ML) 2012-25 (November 21, 2012; effective March 31, 2013), "Revised Requirements for Project Capital Needs Assessments (PCNAs), Estimated Reserves for Replacements (R4Rs) and Remedies for Accessibility Deficiencies," is intended to act as a management tool and is unrelated to debates about FHA solvency, according to HUD. Its goals are to:

- Create more consistency among lending, development and asset management requirements across HUD's programs and other federal housing programs;
- Allow older HUD properties to recapitalize by taking advantage of lower interest rates; and
- Clarify the fair housing accessibility requirements for properties financed with FHA insurance.

HUD's Notice H2012-27 is at <http://portal.hud.gov/huddoc/12-27hsgn.pdf>.

Over the last several months, NAHMA has kept a close eye on the development of the PCNA changes and, with other industry leaders, weighed in with comments on a draft version of the notice. NAHMA submitted its comments on June 8, 2012. HUD informed

NAHMA that the industry stakeholder comments effected some changes to the final notice. For NAHMA's comments on the draft ML, go to [www.nahma.org](http://www.nahma.org) on the members' page.

## NOTICE HIGHLIGHTS

Notice H2012-27 clarifies portions of risk mitigation concerning PCNA reports and requirements for sizing initial and annual contributions to R4Rs. Key actions include:

- Appendix 5G of the MAP Guide is modified to implement risk mitigation measures and to align PCNA guidance for the multifamily insurance programs.
- A single scope of work is defined for PCNA reports for all applications under Sections 223(a)(7) and 223(f), for 10-year PCNA updates and for other Office of Multifamily Housing uses of PCNA reports.
- Accessibility requirements are clarified and re-emphasized.

The final notice/ML applies to all applications for mortgage insurance under the FHA Multifamily Housing programs, to all 10-year PCNA updates for existing insured properties, and to all PCNAs required by the Office of Multifamily Housing except those required for restructuring of assisted housing projects under the M2M program. This HN/ML is effective on March 31, 2013 for all Firm Commitment applications and other PCNAs. The notice does not apply to programs administered by the Office of Healthcare.

## HUD MEETING INSIGHTS

The December meeting between HUD and NAHMA added context and perspective to the intentions and expected impacts of the policy changes. For example, HUD does not believe the new PCNA or R4R requirements will discourage borrowers from refinancing

with 223(a)(7) or 223(f) loans because demand for FHA loans is at record volume. HUD staffers voiced concern about the department's capacity to meet the demand.

HUD set the requirements for total and minimum R4R balances at levels which would match the needs of the properties. (These minimum balances are 105 percent of the total estimated costs of component replacements and major maintenance for the estimate period and 5 percent of the total, aggregate inflation-adjusted projection of capital needs for the estimate period.)

Although there had been some discussion of reducing the 20-year estimate period for all PCNAs, HUD retained it and added an inflation trend to minimize the impact of projecting 20 years forward. Reducing the period to 10 years would have made the projection inconsistent with other programs, HUD stated.

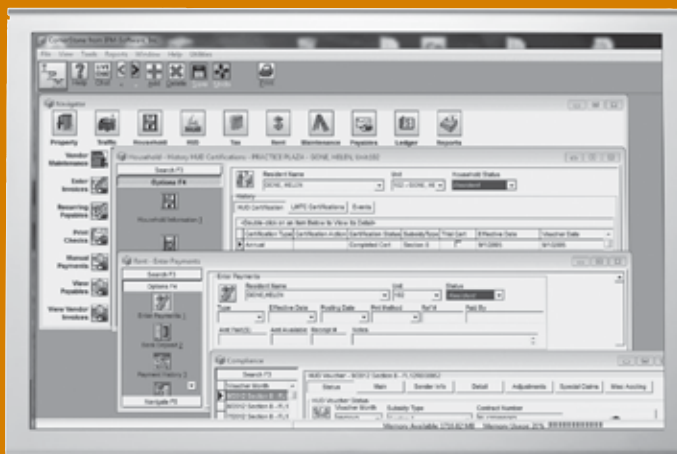
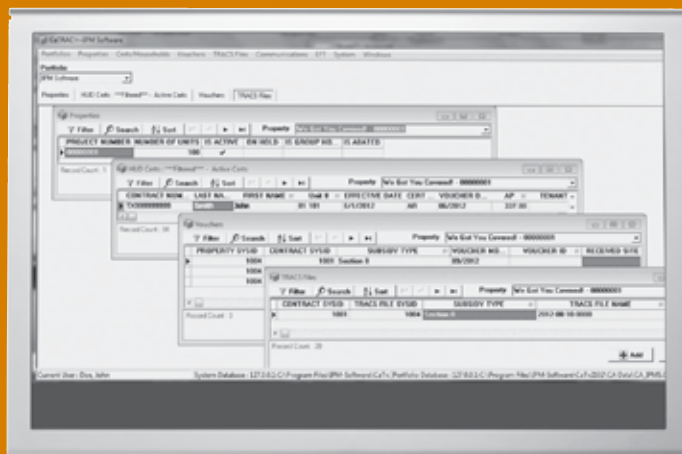
One of the most significant changes from the draft mortgagee letter replaced the requirements for conducting "forensic examinations" with "intrusive tests and examinations." This change clarifies that formal, costly analysis is not necessary as a first resort if practical, common-sense methods could provide the information necessary to evaluate the property's condition. For example, it might be necessary to look behind a wall but not necessary to send a portion of that wall for analysis.

HUD said it decided to retain the six-month shelf-life for PCNA reports in support of applications under Section 223(f) rather than extend it to one year or two years because six months is more recent, and therefore, more reliable.

NAHMA welcomes members' continued feedback on the PCNA, reserve for replacement, and accessibility requirements in Notice H 2012-27. **NN**



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# FORWARD THINKING IN LIHTC.

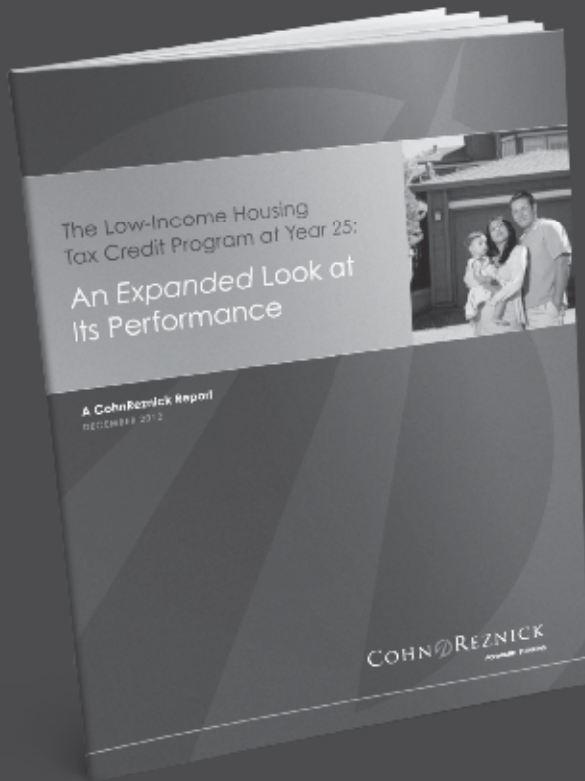
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*The Low-Income Housing Tax Credit Program at Year 25: An Expanded Look at Its Performance, Phase II, has been released by the affordable housing experts at CohnReznick.*

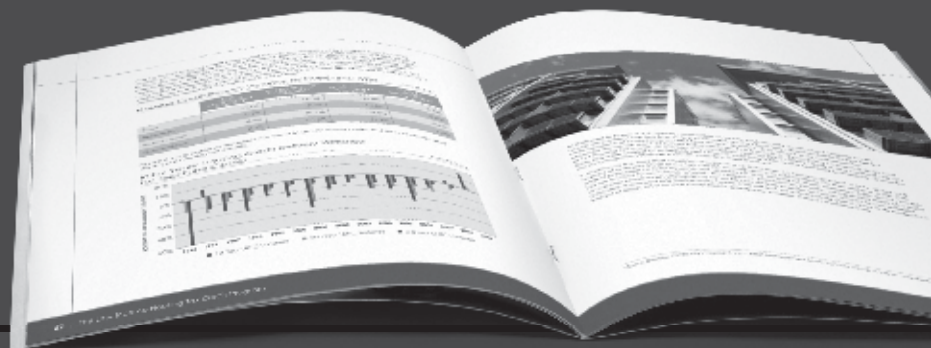
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# Disaster Relief Bill Caught in Politics, But Agencies Respond

**H**UD and the IRS/Treasury adopted regulatory and administrative waivers to help victims of last fall's Hurricane Sandy find alternatives to homes that were destroyed or left uninhabitable by the storm.

The storm slashed through the supply of decent, safe and sanitary housing, throwing many families from a well-housed status to one of lacking even basic shelter. Loss of life and public health dangers compounded the housing concerns and impelled federal agencies to cut red tape and provide flexibility in their programs.

HUD waived certain rules in affordable housing programs such as Section 8, and IRS/Treasury focused on Low-Income Housing Tax Credit (LIHTC) waivers. HUD additionally provided interpretations of the Fair Housing Act to help guide multifamily housing providers seeking to assist hurricane victims.

But on Capitol Hill, a Senate bill to provide appropriations and authorization support for temporary housing and community and economic development failed to gain traction in the House before the 112th Congress ended.

On Jan. 15, the House passed a new Disaster Relief Appropriations Act (HR 152), which provides \$50.5 billion in aid for Hurricane Sandy victims and their communities. At press time, the Senate was preparing to vote on HR 152.

## HUD RESPONDS

To expand housing options and aid displaced residents, HUD gave public housing agencies greater flexibility in calculating rent payments in areas experiencing increased demand for rental housing.

HUD is allowing local housing agencies to increase a payment standard up to 120 percent of the published fair market

rent (FMR), thereby giving low-income families more options to find available housing in tight rental markets. (See Docket No. FR-5675-N-01, "Regulatory and Administrative Waivers Granted for Public and Indian Housing Programs to Assist with Recovery and Relief in Superstorm Sandy Disaster Areas.")

In a separate notice, HUD's Office of Multifamily Housing programs set the stage for waivers, temporary suspensions and deferrals of requirements for owners

**HUD's guidance permits private providers of housing for older persons "anywhere in the country" to make units available to evacuees younger than 55.**

of HUD Project-based Section 8 properties located in an area declared by the President to be a federal disaster area as a result of Sandy. The notice is available at [http://portal.hud.gov/hudportal/documents/huddoc?id=recovery\\_relief\\_notice1126.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=recovery_relief_notice1126.pdf).

Owners may be able to defer compliance with the regulations listed in the notice for a period up to 60 days (December 2012 and January 2013). Owners must provide notice of their decision to HUD. Housing assistance payments (HAPs) made for November 2012 remain unchanged. This notice does not apply to the Rent Supplemental (Rent Supp) and RAP programs.

HUD's notice covers a variety of operating matters, including the option to exercise vacancy claims, business interruption insurance, pass-through payments, and voucher and tenant rent payments for November 2012. Regarding the latter, HUD encouraged owners to refund November rental payments to tenants whose units were deemed uninhabitable.

Specific regulatory waivers for up to the 60-day period allow owners with units deemed uninhabitable due to

Sandy to exercise their option to receive vacancy claims in the amount of 80 percent of the contract rent. The waivers touch three key regulatory areas:

- Conditions for receipt of vacancy payments;
- The contract; and
- Housing assistance payments to owners. This waiver applies to two separate regulations.

With respect to the HOME program, HUD has also relaxed federal regulations

for dozens of "participating jurisdictions" in Hurricane Sandy-impacted areas so they can quickly rehabilitate single-family housing and use vacant rental units to quickly house displaced families. (See <http://portal.hud.gov/hudportal/documents/huddoc?id=SandyAIPJHOMEWaiver.pdf>.)

## FAIR HOUSING CONCERNS

In an open letter and Q&A to providers, HUD sought to alleviate provider concerns about fair housing violations and encourage use of vacant units for "those in dire need of housing." HUD offered communities that have "designated themselves as housing for older persons the flexibility to open up vacant units for evacuees of Hurricane Sandy under the age of 55, without jeopardizing a community's qualifications for certain legal exemptions under the Fair Housing Act."

HUD's guidance permits private providers of housing for older persons "anywhere in the country" to make units available to evacuees younger than 55. The providers will still qualify for the Fair Housing Act's familial status exemption, "as long as the vacant units are made available to evacuees without

restriction on the basis of familial status,” HUD said.

### **IRS/LIHTC INCOME LIMITS**

Because of Hurricane Sandy’s widespread damage, the IRS determined that “state housing agencies may provide approval to project owners in their respective states to provide temporary emergency housing for displaced individuals” (see IRS Notice 2012-68 “Low-Income Housing Credit Disaster Relief for Hurricane Sandy” available at the NAHMA website’s members’ page at [www.nahma.org](http://www.nahma.org)).

The notice provides for temporary suspension of certain income limitations requirements under Section 42. Requests for suspension will be approved by the agencies with jurisdiction over the properties with vacant units available for rent to displaced people. In addition, the agency will determine the appropriate period of

temporary housing for each project, not to extend beyond November 30, 2013.

The LIHTC waivers stretch beyond LIHTC projects located in storm-hit areas. The IRS determined that “the projects to which this approval may be given may be located in any state, regardless of whether a major disaster declaration with Individual Assistance has been issued for that state.”

IRS also reminds LIHTC owners and agents (O/As) affected by the hurricane to review Revenue Procedure 2007-54, which establishes a procedure for temporary relief from certain LIHTC requirements for O/As and state housing agencies with projects in major disaster areas declared by the resident. The document is also available at the NAHMA members’ website.

### **DISASTER RELIEF APPROPRIATIONS**

While the federal agencies flexed program rules to react to the storm’s havoc, Congress debated relief measures for the

communities hit by the hurricane. In late December, the Senate passed HR 1, the Disaster Relief Appropriations Act of 2013. The bill provided appropriations and expanded temporary housing programs for those who were displaced by the hurricane. The bill also authorized up to \$17 billion for community and economic revitalization efforts, and allowed PHAs to make temporary adjustments in their Section 8 housing choice voucher (HCV) allocations to help house displaced victims.

However, the House completed the 112th Congressional legislative session (2011-2012) without considering the bill. The 113th Congress (2013-2014)—meaning both the House and Senate—must consider and pass relief legislation in this new legislative session before it can become public law. At press time, this effort was underway but not completed. **NN**



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# HUD Issues New Policies for LIHPRHA Properties

**H**UD's new policy on Low-Income Housing Preservation and Resident Homeownership Act (LIHPRHA) properties provides guidance on the circumstances under which HUD may consider amendments to use agreements for properties assisted under the act.

Under HUD's Notice H 2012-25, the Department may weigh amendments for the purpose of incentivizing and facilitating prepayment and refinance or acquisition transactions to preserve the viability of these affordable properties.

The notice applies to all properties that received incentives under LIHPRHA and have a recorded LIHPRHA Use Agreement. It also covers properties subject to a Use Agreement under the Emergency Low Income Housing Preservation Act (ELIHPA), which are subject to restrictions similar to LIHPRHA projects. However, HUD points out that since most ELIHPAs use agreements have recently expired or will expire soon, it does not expect that owners will seek amendments.

For LIHPRHA property owners who want to prepay loans or disconnect their interest reduction payments (IRP), the new policy "does not alter the existing policies or process for owners to request approval for prepayment of mortgages or IRP decoupling," the notice says.

## AMENDMENT CONSIDERATIONS

The notice clarifies the circumstances under which a use agreement for a LIHPRHA property may be amended, the amendments that may be allowed and the conditions that must be met in the proposed preservation transaction to be considered for approval.

According to the notice, "HUD

will allow the amendment and restatement of the property's Use Agreement to allow the owner to receive proceeds from the refinance of the property, and to allow the owner to receive annual distributions of proceeds up to 8 percent of Transfer Preservation Equity or Extension Preservation Equity that was calculated at closing of the LIHPRHA

**"Owners may now seek to prepay the FHA-insured mortgage and to refinance their properties with new forms of debt and equity, including but not limited to Low-Income Housing Tax Credits (LIHTC), to make necessary project improvements."**

transaction, as allowed by statute."

HUD sets out criteria to be used in the administrative review and approval process. These criteria include such business agreement compliance aspects as a current 60 or above REAC PASS score, adherence to fair housing and civil rights requirements, satisfactory MORs for the three previous review cycles, up-to-date and consistently submitted annual financial statements and excess income reports, and similar factors.

"In general," the notice cautions, "HUD will only consider such an amendment and restatement of the Use Agreement where the owner is proposing a transaction to prepay the existing FHA-insured, HUD-held or state-insured mortgage in conjunction with a refinance or sale/acquisition transaction. While all such amendments and restatements will be examined on a case-by-case basis, HUD expects that "favorable treatment will be accorded" to requestors who meet the criteria in the notice.

## EQUITY NEEDS

HUD oversees an inventory of approximately 640 properties and more than 75,000 units subject to LIHPRHA

provisions. LIHPRHA projects are primarily Section 221(d)(3) below-market interest rate and Section 236 projects and have low-income use restrictions. All LIHPRHA projects are fully or partially assisted under Section 8.

In the notice, HUD says, "Many LIHPRHA properties, originally built up to 40 years ago, are today in need

of significant repair. Owners accessed LIHPRHA financing approximately 20 years ago to complete moderate repairs, and in the intervening years the capital needs of the projects have increased.

"Owners may now seek to prepay the FHA-insured mortgage and to refinance their properties with new forms of debt and equity, including but not limited to Low-Income Housing Tax Credits (LIHTC), to make necessary project improvements. The use of LIHTCs and other equity is a desirable strategy to preserve the viability of these LIHPRHA projects."

HUD says amending existing LIHPRHA use agreements can be a prudent way to "incentivize and facilitate preservation transactions without the need for additional expenditures by the Department," noting that "increases in distributions or refinance proceeds to levels allowed under LIHPRHA is justifiable if the owner is bringing new equity to the project."

Notice H 2012-25 is at <http://portal.hud.gov/huddoc/12-25hsgn.pdf>. NAHMA is interested in any questions or concerns its members have regarding the notice. **NN**

# Multifamily Affordable Housing Insurance Program (MAHIP)



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## Showcasing the Best in the Industry

ONCE AGAIN, NAHMA WAS PRIVILEGED to have dozens of excellent entrants to its annual Communities of Quality® Awards competition.

“As difficult as the selection process was, we couldn’t be more pleased with the results,” said NAHMA Executive Director Kris Cook. “All of the entrants showed a tremendous breadth and diversity of programs and services to their residents, proving what an asset affordable housing is to lower-income individuals and families, and to their surrounding communities.”

Completing its 20th consecutive year in 2012, the COQ Awards program is among the most prestigious in the affordable housing community. Winners exemplify the very best in the construction, revitalization and management of federally subsidized properties owned and/or managed by NAHMA and AHMA members.

“When you look at the COQ award submissions, you can’t help but be awed by the care and attention that is put into the buildings, the grounds, the apartments, the community rooms and the programs aimed at bettering the lives of residents,” Cook said. “All of this, plus the quality of the properties’ financial management and compliance scores, among other criteria, are taken into account in choosing the winners.”

For the tenth straight year, HD Supply Multifamily Solutions (including its previous corporate identities) has co-sponsored the COQ program. Its national accounts manager, Walter Morgan, said his company continues to value the work that is put into property maintenance as illustrated by these winners.

The COQ awards will be presented at NAHMA’s annual winter meeting, March 24–26, 2013, in Washington, D.C.





## THE BEST IN THE INDUSTRY

### EXEMPLARY DEVELOPMENT FOR THE ELDERLY

#### Restoration Towers Detroit, MI

**OWNER:** *Community Outreach Services Corp.*

**MANAGEMENT:** *Paragon Management, Inc.*

**AHMA:** MAHMA

Restoration Towers is a 147-unit, high-rise apartment complex built in 1981 that utilizes both Section 202 and Section 8 subsidies for its elderly and/or physically challenged residents. Situated in the Brightmoor neighborhood, one of Detroit's most economically

challenged regions, Restoration Towers is a pillar of the community, with its beautifully manicured landscape and its critical outreach to the elderly in the neighborhood. Since 1994 Restoration Towers has benefited from HUD's Congregate Housing Services Program (CHSP), which includes access to transportation, housekeeping and weekend meals, allowing its frail elderly residents to maintain their independence. An onsite service coordinator helps residents secure other needed services (such as home health aides, financial management and gen-



eral counseling). Restoration Towers has a Neighborhood Network Center, which was upgraded in 2011 thanks to a \$304,000 Broadband Technology Opportunities Program (BTOP) grant secured by the owner in partnership with the state of Michigan and others. Residents also have access to numerous social activities and health-care services. Outreach to the community is extensive: Restoration Towers provides an additional 300,000 meals for seniors in housing facilities without adequate kitchens and to the Meals on Wheels Programs in several counties for homebound seniors and senior centers. Its Neighborhood Network Center has an extension program that serves entire communities and offers after-school tutoring for youth, as well as inter-generational programs. Restoration Towers is a beacon of hope in an otherwise blighted Detroit neighborhood.



**AT LEFT: Restoration Towers.**

**ABOVE LEFT: Residents enjoy the lobby and computer learning center.**



**FAR LEFT: An aerial view of Riverwood Tower Apartments.**

**LEFT: Riverwood Tower residents dress up for a Halloween party.**

## OUTSTANDING TURNAROUND OF A TROUBLED PROPERTY Riverwood Tower Apartments Madison, TN

**OWNER:** ALCO Management

**MANAGEMENT:** ALCO Management

**AHMA:** SAHMA

“Little else can be done to a property to steer it into the right path that has not been done to Riverwood in the past few years.” This sentence in Riverwood Tower’s COQ award essay sums up what has happened to this 33-year-old, once-derelict building since ALCO Management purchased it in 2005. The scope of work for upgrading the 117-unit, mid-rise building included

infrastructure improvements, such as new windows, HVAC units, fire-alarm system and security system; cosmetic improvements, to both individual apartments (new carpeting, designer paint colors, wood baseboards) and to the interior and exterior of the building and financial improvements, which saw the vacancy rate rise from 76 percent in 2005 to 100 percent in 2008. To acknowledge the great leaps Riverwood Tower made, ALCO Management honored the property with its 2009 Assisted Property of the Year Award. On the management side, the company added an assistant to the manager, and both individuals have earned CPO and SHCM certifications from NAHMA. They are also active with SAHMA and the Greater Nashville Apartment Association. The many services Riverwood offers to residents are aided by a service coordinator who was acquired through a grant from HUD in 2010. Riverwood

Towers is continuing to improve, with new and inventive services and benefits for the residents, the community and its investors.

## EXEMPLARY DEVELOPMENT FOR RESIDENTS WITH SPECIAL NEEDS Liberty Place South Sioux City, NE

**OWNER:** Seldin Company

**MANAGEMENT:** Seldin Company

**AHMA:** Nebraska & Iowa AHMA

Liberty Place Townhomes boasts a unique design targeted toward several

**BOTTOM: A community playground at Liberty Place Townhomes.**

**BELOW LEFT: A two-bedroom duplex at Liberty Place Townhomes.**

**BOTTOM RIGHT: A playground and dining room at Liberty Place.**







## THE BEST IN THE INDUSTRY

different types of individuals who require psychological and/or emotional assistance, and brings them together as a community. Of its 42 units, 21 are targeted for persons with serious mental illness and/or who have a substance abuse problem. These residents receive medical and psychiatric treatment and benefit from recovery services that aid in their rehabilitation. Liberty Place partners with Heartland Counseling, which offers in-home support services as well as access to other local service providers. The townhomes are built in seven triplex units, all accessible and on the main floor, with seven units designed for individuals who may be mobility impaired. Each triplex has three modern apartments and a spacious laundry room. There is well-manicured landscaping, a bike path, a community room equipped with a computer and free wi-fi service—all designed to create a safe and welcoming setting for residents with special needs so that they can build community with neighbors, friends and families.

### EXEMPLARY FAMILY DEVELOPMENT

#### **Newberry Estates Williamsport, PA**

**OWNER:** *Williamsport Village Associates, LLC*

**MANAGEMENT:** *Community Realty Management, Inc.*

**AHMA:** *PennDel AHMA*

Newberry Estates is a 200-unit,



**PHOTOS ABOVE:** An exterior at Newberry Estates; a scene at the library; and residents at a block party.

garden-style apartment complex whose unofficial motto is “We Build Community.” To do this, residents benefit from superb property maintenance; exceptional and professional management; expanded resident services; community outreach; and an appreciation of every family who lives there. Its community center and Neighborhood Networks Center provide a hub for a number of programs, including financial literacy classes, tutoring, book clubs, scouting, social events, parenting instruction, family nights and more. Especially positive and impactful is Newberry Estates’ 1-2-3 Playgroup, which teaches young parents how to play and interact with their young children. Newberry Estates’ staff is especially proud to have regularly had a NAHMA scholarship recipient among its residents. Among its unique programs is its annual

Hometown Hero Luncheon, which honors local law enforcement and emergency services personnel. They give Newberry Estates the opportunity to showcase both the site and its residents and break down often-negative stereotypes about affordable housing. Local businesses support Newberry Estates by way of monetary donations as well as goods and services. In cooperation with management, Newberry Estates’ residents volunteer to help organize programs and events, staff the library and provide tutoring to children. Such interaction leads to long-term retention rates as well as positive outcomes for residents. **NN**



# NAHMA Industry Award Winners

NAHMA proudly announces the winners of its annual Industry Awards to be presented at its March meeting in Washington, D.C. The awards recognize individuals and organizations that have worked creatively to improve affordable housing in their communities. More detailed information about the award winners and their work will appear in the March/April issue of *NAHMA News*.

## **NAHMA INDUSTRY STATESMAN: Conrad Egan**

*This award is presented annually to recognize a NAHMA member for many years of outstanding leadership and service to the affordable housing industry.*

The career of Conrad Egan marks an unparalleled commitment to advancing quality affordable housing for Americans in need, and service that has been instrumental to the success of NAHMA. He has served as president and CEO of the National Housing Conference and as executive director of the Millennial Housing Commission.

## **NAHMA PRESIDENT'S AWARD: Fred Tombar**

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

Fred Tombar is a senior advisor to the Secretary of HUD and also president of Tombar Consulting Group, a management consulting firm dedicated to helping organizations transform their business processes and improve their performance. He is a national expert in housing and community development policy.

## **NAHMA INDUSTRY ACHIEVEMENT: H.A.N.D.S.**

*The following awardee is recognized for its commitment and innovative approach to identifying and addressing the affordable housing needs of its community.*

Over its 46 years, Erie, Pennsylvania's, nonprofit Housing and Neighborhood Development Services, or H.A.N.D.S., has proudly provided affordable housing to 1,400 individuals in northwestern Pennsylvania. Its new plan to transform a 20-unit apartment complex to assist homeless veterans and their families is a creative and committed approach to meeting a serious local and national need.

## **NAHMA INDUSTRY PARTNER: Walter Kreher**

*This awardee is recognized for furthering excellence in affordable housing and maintaining high industry standards.*

Walter Kreher directs the Newark Multifamily Program Center for the U.S. Department of Housing and Urban Development and its portfolio of 725 multifamily properties. He is known for his compassion for tenants, owners and managers. Instrumental in establishing JAHMA, he also assisted in the formation of both PennDel AHMA and NYAHMA.

## **AHMA OF THE YEAR**

*Regardless of size, these organizations go all out for their members and serve as role models for other AHMAs around the country.*

**Large: SAHMA**—The effective delivery of popular education programs and services is an important reason that SAHMA continues to be successful serving a region that includes eight states, Puerto Rico and the Virgin Islands.

**Medium: AHMA PSW**—AHMA PSW's commitment to outreach, training and its Foundation has resulted in high rates of membership recruitment and retention for this network located in the Pacific Southwest.

**Small: JAHMA**—JAHMA continues its success in membership recruitment, education and training course attendance, Communities of Quality® properties, financial stability and growth, and with its Spring Management Event, a key to effective communications with regulators.

## **AHMA MEMBERSHIP RECRUITMENT AWARD**

*This award is presented to those organizations who achieve outstanding recruitment of members in relation to their size and history.*

**Large: SAHMA**—SAHMA recruited 43 new management company members during the year. The renewal of 419 members meant it achieved an 89.3 percent retention rate. The education and networking opportunities it provides are important reasons for this continuing strong rate of support.

## **AHMA INNOVATION AWARD**

**Large: SAHMA**—For its 30th year, SAHMA conducted coordinated and collaborative fundraising activities at each of its state meetings that raised \$30,000 for the NAHMA Educational Foundation.

## **Medium (TIE): NEAHMA and PAHMA**

When challenged to raise \$15,000 for the NAHMA Educational Foundation, **NEAHMA** members developed and organized an extraordinary boat cruise with live and silent auctions resulting in an astounding \$75,000 net contribution raised.

**PAHMA** successfully piloted a program to provide staff holding realtor licenses with training for multifamily properties where previous accredited training focused on single-family home sales.

**Small: PennDel AHMA**—PennDel dramatically increased the amount of funds raised for the NAHMA Educational Foundation from \$15,000 to \$25,000 in one year after promoting scholarship applications that resulted in 11 residents receiving \$12,500 in scholarships.

## **AHMA COMMUNITIES OF QUALITY® AWARDS**

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

**Large: SAHMA**

**Medium: NEAHMA**

**Small: PennDel AHMA**

## **NAHMA COMMUNITIES OF QUALITY® AWARDS**

*These annual awards are given to the NAHMA members who have the most new, or most overall, properties listed on the NAHMA National Recognition Program COQ Registry (based on data maintained by NAHMA staff).*

**Most New in 2012:** Peabody Properties, Boston, MA

**Most Overall at year-end 2012:** WinnResidential, Boston, MA

**100% of its affordable portfolio:** PRD Management, Pennsauken, NJ

These awards are a testament to the exceptionally high standards maintained by these properties, and their commitment and support in furthering NAHMA's mission. **NN**

# Concern About Housing & Transportation Index

**C**ollective concern about the methodological underpinnings of HUD's Location Affordability Index (LAI) led industry organizations, including NAHMA to submit a joint request to delay the December posting of the LAI on HUD's website.

The LAI aims to measure the true affordability of housing choice by factoring in both housing and transportation costs in a neighborhood. But the industry group's letter asked for a thorough review of the LAI by additional stakeholder groups in light of problems with the model. "There are continuing issues with the methodology that have not been resolved, and we do not believe this will happen quickly," the group said in urging the delay in deployment.

An LAI development process lacking openness and transparency particularly troubled the group, which pointed out that "the pool of stakeholders and commenters who have been given access to the actual development of the Index and its applications has been very small."

"HUD's explanations of how the regional scale LAI Index and individual cost calculator relate and justifiably can be used remain fundamentally unclear, which is of particular concern with regard to any potential policy applications," said the group. "Until the LAI model and calculator are fully developed and explained, and their possible policy uses are carefully considered and publicly vetted, it is premature to consider using them or citing them."

The Local Affordability Portal and LAI tools can be found at <http://lap.manhattanstrategy.com/lap/default.aspx>.

## INFORMED DECISION-MAKING?

A Housing and Transportation Affordability Index is one of the tools HUD is developing in concert with its Office of Sustainable Communities to help

homebuyers, renters, housing policy advocates, land and transportation planners, developers and state and local governments with their decision-making. The overall effort furthers the Obama administration's Livability Principles through better integration of transportation, land use and housing.

Traditional affordable measures have been based on housing costs alone representing no more than 30 percent of income. However, transportation costs typically are a household's second largest expenditure, according to the National Association of Home Builders (NAHB),

**The LAI aims to measure the true affordability of housing choice by factoring in both housing and transportation costs in a neighborhood.**

one of the industry groups taking the lead in asking HUD for a delay. Such an index attempts to better measure both factors of affordability and sets the combined benchmark at no more than 45 percent of household income. All parties making housing and transportation decisions can consider trade-offs.

The index on which HUD is basing its development was created by Chicago's nonprofit Center for Neighborhood Technology. Initially intended as a consumer information tool, the index has been used increasingly as a metric for policy decision-making, including by the state of Illinois and in various cities and regions across the country, according to HUD.

## POLICY CONCERNS

Among the top concerns of the industry groups are the potential negatives of unleashing a subpar tool for policy-making and personal consumer decisions. Third-party critiques, including one by Abt Associates, which were undertaken

to better understand the methodology, assumptions, data sources and reliability of the tool discovered shortcomings that might be overcome with greater testing and stakeholder input, said the industry groups.

The trajectory of the project has led HUD's Office of Sustainable Communities into discussions on using LAI as a policy metric for a set of federal housing programs that go well beyond Sustainable Communities initiatives, thereby increasing industry group concerns.

FHA mortgage insurance for both single and multifamily rental housing,

the Low Income Housing Tax Credit (LIHTC) program, Housing Choice Vouchers and the HOME program have been suggested as research targets, with the objective of determining to what extent these programs may impose an undue burden on household housing and transportation budgets.

Ramifications are less clear. For example, if this research were to show such high housing cost burdens using the index, the implication is that HUD would intervene by imposing new program requirements based on the index. Until the policy implications of the LAI models are developed and interpreted appropriately, argue the industry groups, it is premature to consider using them for policy purposes.

Changes to HUD's housing programs would have to be implemented by the program offices. At press time, the Office of Housing was not planning to change any of its policies based on the LAI. **NN**

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# NAHMA Announces Vanguard Awards Deadline

**N**AHMA recently announced that the deadline for submissions for its 2013 Affordable Housing Vanguard Award will be April 1, 2013.

The Vanguard Award celebrates success in the multifamily affordable housing industry by recognizing and benchmarking new, quality multifamily affordable housing development or major rehab. 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;
- Shares ideas for unique design and financing mechanisms with industry practitioners to further stimulate creative

development in the affordable multifamily industry.

The Vanguard Award complements NAHMA's Communities of Quality® (COQ) National Recognition Program in that it recognizes properties that are too new to meet the COQ program's criteria (particularly in the inspection and financial audit categories). As the properties mature, they will become eligible—and will be encouraged—to enter NAHMA's COQ National Recognition Program.

## VANGUARD AWARD CATEGORIES

Vanguard Awards can be given in any of four categories:

- New Construction (two subcategories: over 100 units and under 100 units)
- Major Rehabilitation of an Existing Rental Housing Community
- Major Rehabilitation of a Non-Housing Structure into Affordable Rental Housing
- Major Rehabilitation of a Historic Structure into Affordable Rental Housing

A management company may submit only one entry for each category.

## WHO MAY APPLY

Affordable multifamily housing communities that are less than three years old (as of April 1, 2013) may apply (based on date of completion of new construction or completion of major rehab).

## WHERE AND WHEN TO APPLY

Applications should be submitted to NAHMA by April 1, 2013. PDF-formatted applications can be emailed to [brenda.moser@nahma.org](mailto:brenda.moser@nahma.org), or a CD containing a PDF application can be mailed to NAHMA Vanguard Award, 400 N. Columbus St., Suite 203, Alexandria, VA 22314.

## ENTRY FEES

The entry fee is \$150 per property for members of NAHMA or an AHMA, and \$325 per property for non-members. Reference the name of the applicant property when submitting payment, via either credit card at the NAHMA Webstore at [www.nahma.org](http://www.nahma.org), or via check payable to NAHMA and mailed with a completed application to NAHMA Vanguard Award, 400 N. Columbus St., Suite 203, Alexandria, VA 22314.

## 2013 NAHMA Scholarship Application Now Available

The NAHMA Educational Foundation recently released the 2013 scholarship application. It is now available to all eligible residents of AHMA member properties. The application must be filed online and can be accessed by going to the NAHMA website ([www.nahma.org](http://www.nahma.org)) and clicking on the "NAHMA Educational Foundation" icon; prospective applicants should then click once more to find the 2013 Information Section and the Application.

"The foundation has had a great year of fundraising, and a task force of foundation members has completed a revision of the application for 2013. As a result, we are looking for our best year ever with regard to the number

and total amount of awards in 2013," said chairperson of the foundation, Wayne Fox.

The task force charged with making revisions to the application was chaired by Nancy Hogan of First Realty Management and included Dr. Bruce W. Johnson, scholarship program administrator, and several other members of the foundation Board of Directors.

The task force's goal was to make the information section and application more clearly worded and understandable; in short, more applicant-friendly. Some of the mechanical aspects of the web-based application itself were changed to provide

applicants with an easier path to completion and more awareness of the status of their individual applications at all times during the process. The foundation is hopeful that these changes result in a reduction in the number of partially completed applications in 2013.

The revised application does not in any way change the eligibility criteria or the necessary components that need to be submitted for a completed application (application form, essay, two references, Certificate of Residency in Good Standing and an official grade transcript).

2013 marks the seventh year for the foun-



### THE JUDGING PROCESS

NAHMA will convene a distinguished panel of multifamily affordable housing practitioners in early April 2013 to conduct the judging process.

### THE AWARDS CEREMONY

Winners of the Affordable Housing Vanguard Awards will be recognized at an awards ceremony at the NAHMA Summer Meeting in June 2013 in San Diego.

Other benefits of participation include:

- A congratulations letter and certificate
- A draft press release for use with local media
- A draft letter for sending to Congressional representatives
- A free subscription to *NAHMA News* (\$100 value)
- A crystal award
- Inclusion in a press release distributed by NAHMA to national media and trade press
- Inclusion in a detailed article on award winners in *NAHMA News* and on the NAHMA website

### HOW TO APPLY

Applications must be submitted in PDF format. For full details on how to apply, go to [www.nahma.org/content/vanguard2013entry.html](http://www.nahma.org/content/vanguard2013entry.html). **NN**

ation's scholarship program, which has now awarded more than 210 scholarships totaling more than \$212,000. In 2012, 33 awards worth \$32,750 were made.

The foundation hopes that the clear track record of annual support for this resident benefit program will encourage AHMA's and management company personnel to promote the scholarship program to their residents. Completed applications are due by 10:00 PM Eastern time on May 24, 2013.

Anyone with questions can contact Dr. Johnson at [bwjec@comcast.net](mailto:bwjec@comcast.net). Please encourage interested residents to begin the application process today! **NN**



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- Credential for Green Property Management

For more information, visit [www.nahma.org](http://www.nahma.org) and click on Education/Credentials.

**NAHMA**

## MANY THANKS TO FOUNDATION DONORS IN 2012!

The NAHMA Educational Foundation would like to thank its generous supporters in 2012! Their contributions will go toward post-secondary school scholarships to residents of NAHMA and AHMA-member properties.

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# REGULATORY WRAP-UP

ON DECEMBER 11, HUD PUBLISHED UPDATED income limits for FY 2013. The update corrected an error in the median family income estimates for FY 2013, which HUD believed were approximately 3 percent too low. The updated FY 2013 income limits may be found at [www.huduser.org/portal/datasets/il/il13/index.html](http://www.huduser.org/portal/datasets/il/il13/index.html). In addition, HUD published the income limits for d3 BMIRs, Section 235 and Section 236 properties. A copy of the notice announcing the FY 2013 income limits for these programs may be found at [www.huduser.org/portal/datasets/il/il13/Notice\\_235-236.pdf](http://www.huduser.org/portal/datasets/il/il13/Notice_235-236.pdf).

**ON DECEMBER 5, 2012, HUD PUBLISHED “PRIVACY ACT OF 1974; Notice of a New System of Records, Enterprise Wide Operations Data Store”** (December 5, 2012, Docket No. FR-5613-N-11) in the Federal Register. The intent of the notice is to give access to a new system of records, the Enterprise Wide Operations Data Store (EWODS) for the Government Mortgage National Associate (Ginnie Mae), Office of Mortgage-Back Securities (MBS), which focuses on guaranteeing Ginnie Mae investors a timely payment of principal and interest on MBS backed by federally insured or guaranteed loans. The proposal became effective January 4, 2013. A copy of the notice is available at [www.gpo.gov/fdsys/pkg/FR-2012-12-05/pdf/2012-29356.pdf](http://www.gpo.gov/fdsys/pkg/FR-2012-12-05/pdf/2012-29356.pdf).

**IN NOVEMBER 2012, HUD POSTED A REVISED FORM 9834 (OMB NUMBER NO. 2502-0178)**, which is used in multifamily Management and Occupancy Reviews (MOR). A copy of the final revised Form 9834 may be found at <http://portal.hud.gov/huddoc/9834.doc>. Previously, NAHMA provided comments on both the June and October 2011 proposed Form 9834 revisions. These comments can be found at NAHMA's website ([www.nahma.org](http://www.nahma.org)) or via the members' page.

**ON NOVEMBER 27, HUD PUBLISHED “NOTICE OF NEIGHBORHOOD STABILIZATION PROGRAM; Closeout Requirements and Recapture”** in the Federal Register. A copy of the notice may be found at [www.gpo.gov/fdsys/pkg/FR-2012-11-27/pdf/2012-28642.pdf](http://www.gpo.gov/fdsys/pkg/FR-2012-11-27/pdf/2012-28642.pdf). The notice revises the requirements set forth in the Unified Neighborhood Stabilization Program (NSP) notice to provide the grant closeout framework for all three rounds of NSP funding by minimally adjusting the Community Development Block Grant (CDBG) closeout requirements. Following publication of this notice, HUD will update issued CDBG closeout guidance (CPD Notice 12-0004) to incorporate specific operating instructions for closeout of NSP grants. These instructions will create an NSP closeout process that is nearly identical to the CDBG closeout process and place both sets of instructions in a single document. This approach takes advantage of NSP grantee (and HUD field staff) familiarity with the CDBG closeout procedures because, by the time of grant closeout, almost every NSP grantee will have completed closeout of a CDBG Recovery Act grant. The CDBG close out guidance may be found at <http://portal.hud.gov/hudportal/documents/huddoc?id=12-04cpdn.pdf>.

**ON NOVEMBER 21, HUD PUBLISHED NOTICE H 2012-22 “FURTHER ENCOURAGEMENT FOR O/AS TO ADOPT OPTIONAL SMOKE-FREE HOUSING POLICIES”** (October 26, 2012).

The purpose of the notice is to further encourage the adoption of smoke-free housing policies by O/As who have not yet chosen to do so. The guidance found in this notice for O/As choosing to implement a smoke-free housing policy has not changed from HUD Notice H 2010-21. The notice applies to Project-based Section 8; new construction; state agency financed properties; substantial rehabilitation; Section 202/8 housing; Rural Housing Services Section 515/8; Loan Management Set-Aside (LMSA); Property Disposition Set-Aside (PDSA); Rent Supplement; Section 202/162 Project Assistance Contract (PAC); Section 202 Project Rental Assistance Contract (PRAC); Section 811 PRAC; Section 811 Project Rental Assistance Demonstration units under a Rental Assistance Contract; Section 236; Rental Assistance Payment (RAP); and Section 221(d)(3) Below Market Interest Rate (BMIR). A copy of the notice may be found at <http://portal.hud.gov/huddoc/12-22hsgn.pdf>.

**ON NOVEMBER 20, HUD PUBLISHED THE FINAL FY 2013 SMALL AREA FAIR MARKET RENTS (SAFMR)** for the PHAs that have agreed to participate in the SAFMR demonstration program. They are effective as of October 1, 2012. Those PHAs include The Chattanooga (TN) Housing Authority; The Housing Authority of the City of Laredo (TX); The Housing Authority of the City of Long Beach (CA); The Housing Authority of the County of Cook (IL); and The Town of Mamaroneck (NY) Public Housing Agency. The final FY 2013 SAFMRs may be found at [www.gpo.gov/fdsys/pkg/FR-2012-11-20/pdf/2012-28086.pdf](http://www.gpo.gov/fdsys/pkg/FR-2012-11-20/pdf/2012-28086.pdf). **NN**



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# Inheriting a Love for the Work

FOR MANY YEARS, GIANNA Solari said she was known as “the bratty manager’s kid” who hung around the office of the business started by her parents, Bruce and Johrita. Today, she is Solari Enterprises’ chief operating officer, having moved up through the ranks over the last 20 years.

“My assuming this role is part of our succession plan, since my parents are looking to retire in next five to seven years,” she said.

Solari Enterprises is headquartered in Orange, California, and it owns and/or manages affordable housing in numerous counties throughout the southern and central regions of the state. Gianna works directly with the management of the company’s entire portfolio, which consists of properties financed through Low Income Housing Tax Credits (LIHTC), Sections 8, 202, 236, 811 PRAC, Rental Housing Construction Program (RHCP), California Housing Finance Agency (CalHFA) and Community Redevelopment Agency (CRA).

Her responsibilities include ensuring that all regulatory compliance and operations obligations are met. Solari Enterprises manages 5,400 units and has a staff of 217.

As their company has grown, so, too, has the Solaris’ involvement in NAHMA, with Gianna recently being the second Solari elected as its president. “I am excited and honored to represent NAHMA and all our members. Following in the footsteps of my parents is something I am most proud of,” she said.

She also spent many years being involved with AHMA Pacific South-

west (AHMA PSW), including serving on its board of directors and as president. In 2006 she was given AHMA PSW’s Clive Graham Memorial Award and is now a director emeritus.

## LEARNING BY DOING

Gianna never intended to go into the family business because she had a passion for marine biology, which she has to this day. She started out as the part-time manager of a Project-based Section 8 property, then became an occupancy specialist (“which is now called compliance”). But when she saw how happy and grateful people were to have an affordable place to live, “I realized I could make a difference in people’s lives,” she said.

For the last four years, Gianna has been responsible for the day-to-day operations at all of the company’s properties. In that time the company has grown by 11 percent, including buying and managing a large property just this past November. Its fee management has also increased.

“Our outlook is for us to continue to stay true to our mission statement,” she said, which is to provide high quality, affordable housing; maintain a high level of ethics and integrity; be effectively and efficiently responsive to the needs of its clients, residents, government agencies, funding sources and team members; and create a working environment where its team members are comfortable and open with co-workers and challenged professionally so that they are proud of and enjoy their work.

“Currently we’re going through what we call our weed and seed program,” she



said. “We’re weeding out the clients who aren’t the best fit for us, then helping our existing clients develop and grow.”

“In California, the Community Redevelopment Agencies have all been shut down, and any deal that wasn’t already in

the pipeline was ended,” she said. “We’re looking at any opportunity to help our clients find resources and take advantage of them. We’re really attempting to think outside the box.”

## ASSUMING A NATIONAL ROLE

Gianna has been a committee member, vice president and now president of NAHMA, with her involvement going back many years. She’s a firm believer in training for staff at every level in the industry, and for promoting high standards.

She believes NAHMA has the opportunity to become “more of a household name” in the affordable housing industry, she said. “It’s an exciting time for NAHMA, and we’ve got a great membership that deserves to expand in scope and influence.” One of her main goals is to support the Grassroots Advocacy program.

## TAKING TIME FOR COMMUNITY

Not all of Gianna’s life revolves around her work. She also volunteers in her community, including serving as president of her Rotary Club and as a trustee of the Orange County Family Justice Center. She also loves to travel and scuba dive.

“Working in and for this industry really is my passion, though,” she said. **NN**

# EDUCATION CALENDAR

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

## FEBRUARY

### 5 Coordinators and the HUD Secure System

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### 6 Conquering the Dreaded HUD 2530 & APPS

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### 7 Basic Apartment Management, Module 5 “Legal Aspects of Housing”

San Diego, CA  
Jennifer Diehl  
(866) 698-2462

### 8 Basic Apartment Management, Module 5 “Legal Aspects of Housing”

Long Beach, CA  
Jennifer Diehl  
(866) 698-2462

### 11-12 CPO (AZ Annual Seminar)

Phoenix, AZ  
Jennifer Diehl  
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### 11-13 FHC (AZ Annual Seminar)

Phoenix, AZ  
Jennifer Diehl  
(866) 698-2462

### 12 Restoration Tips

Sacramento, CA  
Jennifer Diehl  
(866) 698-2462

### 12-14 Georgia State Meeting

Atlanta, GA  
Contessa Paige  
(800) 745-4088

### 14-15 SHCM (NV Annual Seminar)

Las Vegas, NV  
Jennifer Diehl  
(866) 698-2462

### 19 Fair Housing Refresher

San Francisco, CA  
Jennifer Diehl  
(866) 698-2462

## MARCH

### 13-15 South Carolina State Meeting

Columbia, SC  
Contessa Paige  
(800) 745-4088

### 24-26 NAHMA Legislative Meeting

Washington, DC  
Tim Bishop  
(703) 683-8630

### 26-28 Alabama State Meeting

Birmingham, AL  
Contessa Paige  
(800) 745-4088

## APRIL

### 15 Basic Apartment Management, Module 6 “Understanding Insurance and Liability”

San Diego, CA  
Jennifer Diehl  
(866) 698-2462

### 16 Basic Apartment Management, Module 6 “Understanding Insurance and Liability”

Long Beach, CA  
Jennifer Diehl  
(866) 698-2462

### 16-18 Mississippi State Meeting

Jackson, MS  
Contessa Paige  
(800) 745-4088

### 18 Basic Apartment Management, Module 3 “Maintenance”

Phoenix, AZ  
Jennifer Diehl  
(866) 698-2462

### 23-25 Florida State Meeting

Jacksonville, FL  
Contessa Paige  
(800) 745-4088

## MAY

### 7-9 North Carolina State Meeting

Greensboro, NC  
Contessa Paige  
SAHMA  
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### 13-16 Kentucky State Meeting

Louisville, KY  
Contessa Paige  
(800) 745-4088

### 19-21 AHMA-PSW Annual Seminar

Los Angeles, CA  
Jennifer Diehl  
(866) 698-2462

### 20-22 Tennessee State Meeting

Murfreesboro, TN  
Contessa Paige  
(800) 745-4088

### 21-22 SHCM (AHMA-PSW Annual Seminar)

Los Angeles, CA  
Jennifer Diehl  
(866) 698-2462

## JUNE

### 10-12 Puerto Rico Conference

San Juan, PR  
Contessa Paige  
(800) 745-4088

### 19-22 NAHMA Summer Meeting NAA Conference

San Diego, CA  
Jennifer Diehl  
(866) 698-2462

## Aiming High for LAHMA

SHERRY KELLEY DOESN'T JUST want the Louisiana Affordable Housing Management Association (LAHMA) to be good—she wants it to be great.

A 40-year veteran of the industry, Kelley has been on the board of directors of LAHMA for 16 years and president of the board for the last two. (LAHMA was formed in 1982.) “My tenure was supposed to end this past year, but they wouldn't let me stop,” she said.

### ACTIVELY PURSUING MEMBERS

Kelley is a firm believer in building a community of affordable housing practitioners in Louisiana. “We learn from one another, and we can be a support system for one another,” she said. She credits LAHMA Executive Director Bill Langkopp, LAHMA Education Instructor Ann Roeling, and the LAHMA board's officers and members for pushing this agenda forward.

LAHMA has been growing and Kelley and the board hope this accelerates. She recently “asked the Louisiana Housing Corporation (formerly the Louisiana Housing Finance Corporation) for public information from LHC and the Home division.” This information from the state boosted LAHMA's database and is enabling it to reach out to the most comprehensive list possible of individuals who have some kind of stake or interest in affordable housing.

She has taken the lead in organizing a conference in early March 2013 that is aimed at executives in affordable housing development and management. Its title is “Louisiana Affordable Housing in the Next Decade,” and Kelley “really wants LAHMA to shine.”

Among the speakers and topics planned are David Smith from ReCap Advisors of Boston, who will speak on “The Future of Affordable Housing”; Don Hutchinson, interim executive director of the Louisiana Home Corporation, who will speak on “Louisiana's Direction in Affordable Housing”; Wayne Neveu, attorney with Foley, Judell LLP, who will speak on “Affordable Opportunities for the Next Decade,” and HUD representatives Linda Jarrell and staff from HUD's Shreveport office, who will give updates for 2013.

Also in the spring, LAHMA will offer courses in fair housing and inspection success.

In July, LAHMA will host its regular annual conference, which is aimed at owners, agents and property management staff. It will be held in New Orleans. Its 2012 conference was called “Hit It Big in Housing,” and the conference itself hit it big. “It was standing room only,” Kelley said. “We held it for the first time ever in Marksville, Louisiana, and people said ‘nobody will travel to Marksville,’ but they did.” In addition to property management staff, a large contingent of vendors attended, so many that the vendor show had to be moved to the conference center's auditorium.

### MISSION: ADVOCACY

While a regular roster of training programs and conferences are a big part of LAHMA's mission, at its core the organization is interested in informing its members on legislative and regulatory



policies at all government levels. It fosters solid partnerships with local, state and federal agencies, presents testimony, drafts white papers and disseminates alerts, newsletters and other communications to its members.

It also maintains strategic alliances with other industry groups, thereby strengthening the voice of the affordable housing industry. This includes NAHMA, “which we rely on to keep us up-to-date on what's happening in Washington,” Kelley said. She's attended two of the last three NAHMA national meetings, “and I loved both of them,” she said. During the March 2012 conference she went to Capitol Hill and met with Brian Van Hook of Sen. Mary Landreau's office and Lauren Wegmann of Rep. Rodney Alexander's office, promoting the retention of the Section 8 budget and stabilization of the LHITC program.

### A STEADY RISE THROUGH THE RANKS

Kelley brings to her role as LAHMA's president a wealth of experience in property management, which began when she was 21 after attending Texarkana College. She formed the Texarkana Texas Apartment Association and served as its president for two years. She's recently taken a new position with Sunquest Properties, Inc. as its vice president of operations.

Kelley has the word “workaholic” in her email address, “because it suits me,” she said—and for all she's doing at her job and with LAHMA, this certainly seems to be the case. **NN**



PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

## thelastword

### What a Way to Start My Presidency...



THE OCTOBER MEETING WAS not quite what I expected. I was looking forward to seeing the NAHMA members, jumping into committee work and beginning my term as NAHMA's president. Instead I found myself saying hello and goodbye to some members within a matter of a few hours, due to Hurricane Sandy's approach. The members who could not secure travel out of D.C., myself included, stayed at the hotel through at least Wednesday, riding out the weather.

The group stranded at the hotel dealt with such hard-hitting issues as determining the actual rules of charades, UNO and what appeared to be a game of Truth or Dare. Luckily all of the members returned to their homes safe and sound. However, we did have members greatly affected by Hurricane Sandy, especially those in the New Jersey and New York areas. I am hopeful the communities are on their way to a full recovery.

As I look forward to the next two years I would like everyone to keep NAHMA's Strategic Plan in mind, especially our Grassroots Advocacy Program. The work

we do in Washington, D.C. needs to filter down to our local elected and appointed officials. NAHMA has wonderful resources for members to utilize to empower ourselves, our owners and our residents. We must take every opportunity to get in front of our elected officials and/or their staff to educate them on our concerns and our thoughts on improvements that can be made within the industry.

A great step in the right direction of seeing the Strategic Plan in motion was the AHMA Convocation held in November at the SAHMA office. AHMA representatives and executive directors came together for a successful day of discussion and planning. Who knows what we do better than us? Nobody!

As NAHMA president, I want every member to know I am here for you. If I can do anything to assist you with concerns, issues or celebrating the positive, please do not hesitate to call on me. I look forward to visiting the AHMA's and seeing firsthand the wonderful work being done by our members.

I would like to recognize and thank Scott Reithel, immediate past president of NAHMA, for his two years of service to our industry. Scott has been a gracious leader and positive role model. In addition, I would like to thank all of the board members, committee leaders and NAHMA staff whom I have worked with during my time on the board, leading to my becoming NAHMA's president, as each one of you have had an impact on my NAHMA work.

I would be remiss if I did not acknowledge the wonderful support I have received from my own AHMA, AHMA-PSW. Last but not least, I am grateful to my family and our team members at Solari Enterprises, Inc., for their support.

I am looking forward to leading NAHMA over the next two years and am excited to work with the exceptional board and members of NAHMA. I wish everyone a happy and healthy New Year. **NN**

*Gianna Solari, NAHP-e, SHCM, is the Chief Operating Officer of Solari Enterprises, Inc. and President of NAHMA.*