NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

NAHMANews

November December 2012

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

COMMUNITIES OF QUALITY

Industry Comments on FY 2013 FMRs Notice

NAHMA joined with eight other leading national organizations to respond to HUD's proposed Fair Market Rents (FMRs) for the Housing Choice Voucher (HCV) program for fiscal 2013, zeroing in on four key areas—the new trend factor, the new recent mover factor, areas with large decline, and Small Area Fair Market Rents (SAFMRs).

National adjustments affecting the HCV program quickly ripple to local operations and communities. "We strongly support the Housing Choice Voucher program, which provides rental assistance to over two million very-low income households who live in privately owned housing," said the industry response, which was led by the National Association of Home Builders and was signed also by the Council for Affordable Rural Housing, Institute of Real Estate Management, Leading Age, National Apartment Association, National Leased Housing Association, National Housing and Rehabilitation Association, and National Multi Housing Council.

Together, the national organizations represent thousands of firms involved in the multifamily rental housing industry. They build, operate, and manage a substantial portfolio of affordable rental properties, and several are also affiliated with local associations that work directly with

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Further Delay on HUD Response to GAO PBCA Decision

In late October, HUD announced an update regarding the status of its decision on the Government Accountability Office (GAO) recommendations for the protests filed against the Performance-Based Contract Administrator (PBCA) Notice of Funding Availability (NOFA).

HUD had planned to announce awards under the PBCA NOFA at the end of August 2012, but the Government Accountability Office (GAO) decision to sustain protests filed against HUD delayed the announcements. HUD then informed industry groups that it intended to weigh all options before responding to GAO's findings (see September/October *NAHMA News*).

In an echo of its earlier statement, HUD said: "Pursuant to its statutory obligations, on Friday, October 19, HUD responded to the GAO's recommendations of August 15, 2012, relating to the PBCA. We informed the GAO that we are continuing to assess the legal and operational issues raised by its recommendations. We will inform the public as soon as further determinations are made."

At press time, the timing of a HUD decision was uncertain. As always, NAHMA will keep in contact with HUD regarding the PCBA rebid, the status of the incumbent PBCA temporary ACCs beyond the Dec. 31 expiration date, and the voucher processing for January 2013 housing assistance payments.

NAHMANews™

November December 2012 • Vol 23, No 6

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

DIRECTOR, MEETINGS, MEMBERSHIP AND SPECIAL PROJECTS
Brenda Moser
brenda.moser@NAHMA.org

MANAGER, GOVERNMENT AFFAIRS
Lauren Eardensohn
lauren.eardensohn@NAHMA.org

EDUCATION AND TRAINING COORDINATOR
Tim Bishop
tim.bishop@NAHMA.org

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

DESIGN
Mary Prestera Butler
butler5s@comcast.net

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.

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.

inside nahma

BY KRIS COOK, CAE

Sequestration Threatens Housing Programs

AS THIS ISSUE OF *NAHMA NEWS* goes to press, Obama has just been re-elected president, and some turnover in the House and Senate is on the horizon as a result of the recent election. For now, we have a lame-duck Congress looking at the possibility of sequestration.

Sequestration is a term adapted by Congress to describe a fiscal policy procedure that was designed to make the size of the federal government's budget deficit a matter of conscious choice. If Congress cannot agree on ways to cut the budget, then an automatic form of spending cutback takes place. This is sequestration.

Under sequestration, an amount of money equal to the difference between the cap set in Congress's Budget Resolution and the amount actually appropriated is "sequestered" by the Treasury and not handed over to the agencies. In theory, every agency has the same percentage of its appropriation withheld in order to take back the excessive spending on an "across the board" basis.

HUD AMONG THE "UNEXEMPTED"

However, Congress has chosen to exempt certain very large programs from the sequestration process (for example, Social Security and certain parts of the Defense budget), and the number of exempted programs has tended to increase over time—which means that sequestration would have to take back gigantic shares of the budgets of the remaining programs in order to achieve the total cutbacks required, virtually crippling the activities of the unexempted programs.

HUD, Rural Development and other agencies critical to affordable housing are among those unexempted programs that will be crippled by these cutbacks if they go into effect.

NAHMA and its member must continue to fight for funding for affordable housing. To help deal with this looming catastrophe, NAHMA has a two-point plan. First, we are working the Hill with strong messages about the devastating impact sequestration would have on vulnerable residents in affordable housing, and asking members of Congress to enact legislation to avert the sequestration process. Second, NAHMA has created a task force to help identify efficiencies moving forward.

Through both approaches, we are looking to avert the precipitous drop that seems to be looming. We must continue to educate members of Congress about the housing programs that truly work, and how cutting them will affect the most vulnerable Americans.

CALL TO ACTION

We hope you will take action and help with this important effort. Call your members (those currently seated and those due to arrive) and make sure they have good information about affordable housing programs.

Your phone call, email or letter is extremely powerful. What matters to voters matters to their elected officials—perhaps especially when we are facing such dire consequences.

Let's see if we can't step back from the fiscal cliff our industry will be on if sequestration becomes the de facto law of the land. **NN**

Kris Cook is Executive Director of NAHMA.

HUD field offices and PHAs.

The group's response refers to the "Proposed Fair Market Rents for the Housing Choice Voucher Program and Moderate Rehabilitation Single Room Occupancy Program Fiscal Year 2012 Notice," Office of General Counsel Docket No. FR-5648-N-01, which was dated August 3, 2012.

On October 5, HUD published its notification of the final FMRs for fiscal 2013 (see the *Federal Register* Notice at www.gpo.gov/fdsys/pkg/FR-2012-10-05/pdf/2012-24618.pdf). No changes were made between the proposed FMRs and the final FMRs. HUD's FMR documentation is at www.huduser.org/portal/datasets/fmr/fmrs/docsys.html&data=fmr13.

NEW TREND FACTOR

When HUD requested comments in March 2011 on the trend factor and how it applies to FMRs, industry groups were concerned about any formula that would cause year-to-year volatility in FMRs—and particularly any methodology that would render a large shift in FMRs in the first year.

The industry groups recommended a single, national trend factor based on a rolling five years of national median gross rent data from the annual American Communities Survey (ACS) rather than the 10-year Census data.

HUD's choice to introduce a new trend factor to bring FY 2013 FMRs current to the year to which they will apply will minimize unpredictability at the outset as well as year-to-year—important considerations for PHAs, affordable housing property owners, and tenants.

The new trend factor calculation is the annualized change in median gross rents as measured between the one-year 2005 ACS and the one-year 2010 ACS, which produces an annualized change of 3.26 percent over the period. Annualized over a 15-month period to bring the FMRs current for fiscal 2013, the effective trend factor is 4.1 percent.

NEW RECENT MOVER FACTOR

As noted in the industry letter, HUD has made a number of changes to the adjustment it applies to the standard quality base rents derived from the five-year ACS estimates to compensate for the fact that these estimates are not based on recent movers. This applies to the fiscal 2013 FMRs. Three changes are particularly significant:

- A change in the name of the adjustment from "Recent Mover Bonus Factor" to "Recent Mover Adjustment Factor," as recommended by industry groups in March 2011;
- The establishment of a lower boundary of 1.0 for the recent mover factor so that it is never allowed to lower the standard quality base rent, another change which will help minimize year-to-year volatility in FMRs; and
- The treatment of the recent mover factor in cases where a statistical test indicates no significant difference between the recent mover and standard quality base rents in a particular FMR area. HUD handled this by setting the recent mover factor to 1.0 in these cases for the fiscal 2012 FMRs. For fiscal 2013 FMRs, HUD has devised a new procedure to compute a recent mover factor that will meet its statistical reliability criterion. This involves examining successively larger geographic areas to come up with a reliable factor.

The industry groups expressed support to HUD for these enhancements, saying that "this constitutes a clever use of the available data and a significant improvement to the methodology that more closely approximates the ideal of a rent estimate based on recent movers."

AREAS WITH LARGE DECLINES

While applauding HUD's overall methodology improvements, the industry groups pointed out that the impact of any methodology for FMRs will produce significant declines in some areas "in the absence of a hard floor." For example, the proposed fiscal 2013 two-bedroom FMRs would decline by 12.4 percent in Waterbury, Connecticut. In the Washington-Arlington-Alexandria, DC-VA-MD area, FMRs would drop by 6.2 percent, and in the Vallejo-Fairfield, California, Metropolitan Statistical Area (MSA), the decline would be 5.1 percent.

If the analysis finds that the rent charged is **no longer reasonable**, the owner will be required to **REDUCE THE RENT**. The owner may then determine that the reduction adversely affects the property's financial stability, and may choose to **leave the program**, which will require the tenant to move—an undesirable cascading effect that **NEGATIVELY IMPACTS RESIDENTS**.

The industry response to HUD argued that a reduction of this magnitude—greater than 5 percent—carries with it adverse consequences. In fact, a reduction of this level in a published FMR, for example, triggers a rent reasonableness analysis from the PHA, as outlined in the Housing Choice Voucher Guidebook directive 7420.10G.

If the analysis finds that the rent charged is no longer reasonable, the owner will be required to reduce the rent. The owner may then determine that the reduction adversely affects the property's financial stability, and may choose to leave the program, which will require the tenant to move—an undesirable cascading effect that negatively impacts residents.

From an income perspective, a large reduction in FMRs may impel owners to defer maintenance items because

Proposed Fair Market Rents*

AREA NAME	2-BEDROOM FMR		PERCENT CHANGE
	2012	2013	
Waterbury, CT HUD Metro FMR Area	1,075	942	-12.4%
Martinsburg, WV HUD Metro FMR Area	782	708	-9.5%
Canbury, CT HUD Metro FMR Area	1,512	1,384	-8.5%
Burlington-South Burlington, VT MSA	1,124	1,029	-8.5%
Westchester County, NY Statutory Exception Area	1,580	1,468	-7.1%
Stamford-Norwalk, CT HUD Metro FMR Area	1,769	1,648	-6.8%
Newark, NJ HUD Metro FMR Area	1,289	1,202	-6.7%
Winchester, VA-WV MSA	895	839	-6.3%
Washington-Arlington-Alexandria, DC-VA-MD HUD	1,506	1,412	-6.2%
Nassau-Suffolk, NY HUD Metro FMR Area	1,682	1,583	-5.9%
San Francisco, CA HUD Metro FMR Area	1,905	1,795	-5.8%
Kenosha County, WI HUD Metro FMR Area	850	801	-5.8%
Ocean City, NJ MSA	1,079	1,019	-5.6%
Harrisonburg, VA MSA	784	741	-5.5%
Yiba City, CA MSA	857	812	-5.3%
Vallejo-Fairfield, CA MSA	1,229	1,166	-5.1%

*USED WITH PERMISSION FROM NATIONAL ASSOCIATION OF HOME BUILDERS

cash flows no longer cover operating expenses. Again, this impact falls on the bricks-and-mortar as well as the tenants.

The industry group prioritized more desirable approaches to dealing with declines in FMRs. Top to bottom, these approaches are:

- HUD sets a hard floor that limits decreases in FMRs from one year to the next to no more than five percent;
- HUD sets aside funds and sponsors its own surveys in cases where preliminary calculations show FMRs declining by more than five percent; and
- HUD maintains a public comment period so that stakeholders can contest proposed FMRs.

HUD, in its March 2011 request for comments on the trend factor, raised the possibility of a legislative change to eliminate the statutory requirement for publishing proposed FMRs with a reasonable period for public comment. NAHMA and its colleagues strongly opposed the action.

Based on HUD's latest action, the requirement for public comment remains intact. While the top favored measures would be capping FMR declines at five percent or HUD sponsorship of surveys in these cases, the industry groups believe that stakeholders will step up to contest individual FMRs when necessary.

SMALL AREA FAIR MARKET RENTS

The industry continues to have concerns about the use of SAFMRs "for the voucher program, or any other housing program purpose."

The group's letter says pointedly, "SAFMRs are based on zip codes, but zip codes were created to facilitate the delivery of mail, not delineate housing markets."

In addition, when HUD asked for comments in May 2011 on whether Difficult to Develop Areas (DDAs) should be based on SAFMRs, NAHMA and its colleagues expressed opposition to using SAFMRs to establish DDAs.

Returning to the March final notice establishing the SAFMR demonstration program, the industry groups pointed out the potential for disinvestment in redevelopment and low-income areas if rents drop from the use of SAFMRs. HUD contends it will set a floor of ten percent annually if rents decrease, but "this is still a substantial drop in revenue for the property," says the group's response.

NAHMA and its colleagues posed three questions to HUD regarding SAFMRs:

- When will HUD provide an opportunity for public comment on the issue of SAFMRs' impacts on other programs?
- Why have no other PHAs than Dallas been selected to participate after HUD issued its first invitation to apply?
- What are the preliminary results from the Dallas experience that can be shared with others in the affordable housing field?

Most troubling to affordable housing providers is this apparently expanded use of SAFMRs. The group's response notes that other program offices are not adhering to the intention of HUD's April 2011 notice pinpointing the Housing Choice Voucher program as the "only program that will use small area FMRs, and only in those areas, and by those PHAs, selected for the demonstration."

In an action subsequently withdrawn by HUD, the Department recently announced that SAFMRs must be used as a benchmark against which proposed rents must be compared in Rent Comparability Studies (RCS). Property owners submit the RCS when renewing their Section 8 project-based housing assistance contracts (HAPs). Currently, HUD requires that renewal rents cannot exceed comparable market rents.

Using SAFMRs for other programs defies HUD's stated and focused intent, the industry response argued, adding that "SAFMRs are not market rents; it is clear from HUD's notice that SAFMRs are set at the 40th percentile."

HUD's response to industry criticisms in the final FMR notice said:

> "Although ZIP codes are created for the efficient delivery of mail, they have the distinct advantage that they are large enough to provide a suitable number of housing units, small enough to depict variation in rental across metropolitan areas and, most importantly, through Census Bureau ACS ZCTA data aggregations, have sufficient gross rent data to use in the calculation of SAFMRs."

To see a copy of the industry letter, visit NAHMA's HUD webpage at nahma.org. **NN**

BY MICHELLE KITCHEN

Where Do We Go From Here?

AS I WRITE THIS ARTICLE, THE election of 2012 is behind us. The annoying robo-calls, political ads and TV commercials are gone. The results of the election are remarkable in that the current power structure will be unchanged—Barack Obama will remain our president, Republicans will continue to control the House of Representatives and the Democrats retained control of the Senate. That said, whether our national leaders will be more willing to work across party lines is still very much an open question.

The first test of post-election bipartisanship for the President and the lame-duck Congress will be finding a compromise to avoid the so-called "fiscal cliff." The fiscal cliff refers to nearly simultaneous tax increases and mandatory spending cuts set to occur in the first days of January. Specifically, the Bush tax cuts expire on January 1, 2013. Mandatory across-the-board spending cuts required by the Budget Control Act (also known as "sequestration) begin on January 2, 2013. A number of political and financial commentators believe that failure to address the fiscal cliff could plunge the country back into a recession or lead to a downgrade in the creditworthiness of the United States.

NAHMA is cautiously optimistic that *at least* a temporary solution is achievable. Before the election, several congressional sources told NAHMA they believed Congress would pass legislation during the lame-duck session to delay sequestration. These sources felt that Congress would strike some type of deal to postpone the January 2 implementation date in order to buy time to develop a thoughtful approach to tax and spending policies. If Congress does pass legislation in the lame-duck session to delay sequestration or temporarily extend the Bush tax cuts, President Obama would have to sign the bills into law.

HOUSING SPECIFIC ISSUES

Of course, there are also several very important housing-specific matters that the new 113th Congress and the Obama Administration must tackle in 2013. These include (but are certainly not limited to):

The 2013 budgets for HUD and RHS. The FY 2013 continuing resolution, which is funding HUD and RHS programs at 2012 levels, expires on March 31, 2013. NAHMA remains particularly concerned about the funding for Project-based Section 8 contracts. We will continue to oppose short-funding, and we will stress the need to provide full funding of all 12-month contracts.

The relationship between tax policy and housing. The Low Income Housing Tax Credit (LIHTC) was created by the Tax Reform Act of 1986. HUD calls the LIHTC program, "the most important resource for creating affordable housing in the United States today." (See the quote on HUD's LIHTC Database webpage at www.huduser.org/portal/datasets/lihtc.html.) Ironically, a new round of tax reform poses the greatest threat to the program.

In recent years, various commissions, think tanks and congressional leaders have been calling for a more simple tax code that lowers rates by closing loopholes and broadening the tax base. Some tax reform advocates equate "tax expenditures," such as the LIHTC program, with "corporate tax loopholes." Fortunately, the LIHTC program has a proven record of success. It also has the support of leaders in Congress and in the Administration. NAHMA will continue to do its part to ensure this important program continues to enjoy the support it deserves.

POTENTIAL CABINET SHAKE-UP?

As Inauguration Day approaches, it will be interesting to see if President Obama makes any major personnel changes in his administration. It's not uncommon for a second-term president to shakeup his cabinet. It's also quite normal for battle-worn cabinet secretaries and high-level political appointees to voluntarily resign after a president is re-elected.

What changes, if any, are on the way at the agencies with the most impact on federal affordable housing programs, such as the Department of Housing and Urban Development (HUD), the Department of Agriculture-Rural Housing Service (USDA-RHS), the Treasury Department and the Office of Management and Budget (OMB)? NAHMA will keep you informed as information becomes available.

The challenges that lie ahead for President Obama and the 113th Congress are substantial. Can we expect different results from the same leaders? Time will tell. In the meantime, please continue to check NAHMA's grassroots action website, www.nahma.org/content/grassroots.html, for the latest advocacy news and materials.

Have a wonderful holiday season! **NN**

Michelle Kitchen is Director of Government Affairs for NAHMA.

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BY GRACE ROBERTSON

Notice of Revised Procedure for Recapture

AS AMENDED BY HERA IN 2008, IRC §42(j)(6) provides that there is no recapture solely because a taxpayer disposes of a low-income building (or interest therein) if the taxpayer reasonably expects that the building will continue to be operated as a qualified low-income building for the remainder of the building's 15-year compliance period.

However, if there is any reduction in the building's qualified basis (other than the disposition) which results in an increase in tax in the year of the disposition or any subsequent year, the taxpayer is subject to recapture under IRC §42(j).

The Code also provides a unique statutory period for assessing the recapture amount if a recapture event occurs after the disposition. This special rule is applicable notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment. IRC §42(j)(6)(B)(i) states:

> (i) the statutory period for the assessment of any deficiency with respect to such increase in tax shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may prescribe) of such reduction in qualified basis...

PROVIDING NOTICE

Rev. Proc. 2012-27 provides the instructions for providing notice to the IRS if there has been a reduction in qualified basis resulting in an increase in tax under IRC §42(j).

A taxpayer must submit a letter to the Internal Revenue Service, signed by the taxpayer and including the following:

1. A lead-in declaration stating: By this letter I am making the notification pre-scribed by IRC §42(j)(6)(B)(i);
2. The taxpayer's name, address, and taxpayer identification number;
3. The name (if any), address, and Building Identification Number of each building to which the taxpayer's disposition relates. If a taxpayer received a credit from a pass-through entity but does not know the information required by the preceding sentence, the taxpayer must provide the name and employer identification number of the pass-through entity from which the taxpayer received the credit;
4. To the extent known, the name, address, and taxpayer identification number of any person(s) to whom the increase in tax under IRC §42(j)(6)(B) applies as a result of a reduction in the qualified basis of any building to which the taxpayer's disposition relates; and
5. A concluding declaration stating: "Under penalties of perjury, I declare that I have examined this letter and the representations made therein, and to the best of my knowledge and belief, they are true, correct, and complete."

The taxpayer must mail the letter to the address where the most current Form 8609, Low-Income Housing Credit Allocation and Certification, would be filed. The instructions for Form 8609 contain the address and are available on the IRS website.

For purposes of determining the three-year period for assessment under IRC §42(j)(6)(B), the Secretary is deemed to be notified as of the postmark date of the letter.

It isn't necessary to provide the notice simply because a taxpayer disposed of a low-income building (or interest therein). Notice should be provided only when a recapture event (i.e., reduction of qualified basis) has occurred after the disposition.

CLARIFICATION

It isn't necessary to provide the notice simply because a taxpayer disposed of a low-income building (or interest therein). Notice should be provided only when a recapture event (i.e., reduction of qualified basis) has occurred after the disposition.

HELPFUL INFORMATION

Although not explicitly requested in the revenue procedure, including a concise description of the event causing the reduction in qualified basis in the notice is helpful. **NN**

Grace Robertson is a Program Analyst, Examination Specialization & Technical Guidance, for the Internal Revenue Service. *This article first appeared in the* Low Income Housing Credit Newsletter*, Internal Revenue Service, Issue #49, September 2012.*

'Unintended Consequence' of GSA Bill Raises Concerns

NAHMA has urged congressional leaders to modify overly-restrictive language in the Government Spending Accountability (GSA) Act (HR 4631).

While the bill's intention is to restrict spending on conferences and on agency-related travel, NAHMA is concerned that the measure may have the unintended consequence of deterring federal employees from participating in privately sponsored events and limiting government oversight of federal programs.

NAHMA's suggestion would modify HR 4631 to exclude private conferences from the definition of "conference" and to ensure that any cuts to federal agency travel spending do not negatively impact federal agencies' oversight responsibilities.

AGREEMENT ON IMPROVING TRANSPARENCY

In a letter to bill sponsor Rep. Joe Walsh, NAHMA said it supports Congressional efforts "to improve accountability and transparency in government spending."

At the same time, NAHMA advocated for the importance of federal employee attendance at privately sponsored events, noting that this "facilitates critical conversations between the public and private sectors that improve the affordable housing industry's compliance with regulations and helps agencies identify and address inefficient, burdensome federal policies."

Terminology in HR 4631 is the root of the concern. The bill defines a "conference" as any "meeting, retreat, seminar, symposium or event to which an employee travels 25 miles or more to attend." It also includes any event held for "consultation, education, discussion, or training" that is not held entirely at a government facility.

In actuality, many of NAHMA's regional affiliates hold such events in locales more than 25 miles from federal agency field offices. These meetings, conferences, trainings and discussions involving HUD, Rural Development, and Treasury affordable housing programs and staff "help reduce abuse, fraud, and waste in federal programs, which may save the government money," said NAHMA in its letter.

NEED FOR TWO-WAY COMMUNICATION

NAHMA also pointed out that two-way communication can help federal employees better understand the regulations they implement. "We would urge you to modify your legislation so that federal agency employees are not limited or indirectly deterred from attending non-government, private events that help federal agencies advance their mission," the letter said. "To that end, NAHMA would strongly encourage you to exclude privately sponsored, nongovernmental conferences from the definition of 'conference' in the legislative language of the GSA act before the final House vote."

In addition, NAHMA's letter urges reconsideration of the proposed cuts to federal agency travel budgets in HR 4631. The reductions are 10 percent deeper than those recommended by the Administration in May 2012.

"NAHMA does not believe that reductions to an agency's travel budget should be at the expense of that department's ability to efficiently and effectively perform oversight and regulatory functions, which are critical to its mission," wrote NAHMA, instead suggesting that cuts be implemented in a way that does not hamper an agency's oversight responsibilities.

The full text of the letter is available at www.nahma.org/content/grassroots_conference.html. NAHMA will continue to work with Congressional staff on HR 4631, as well as on other ways to maximize oversight and efficiency in federal affordable housing programs. **NN**

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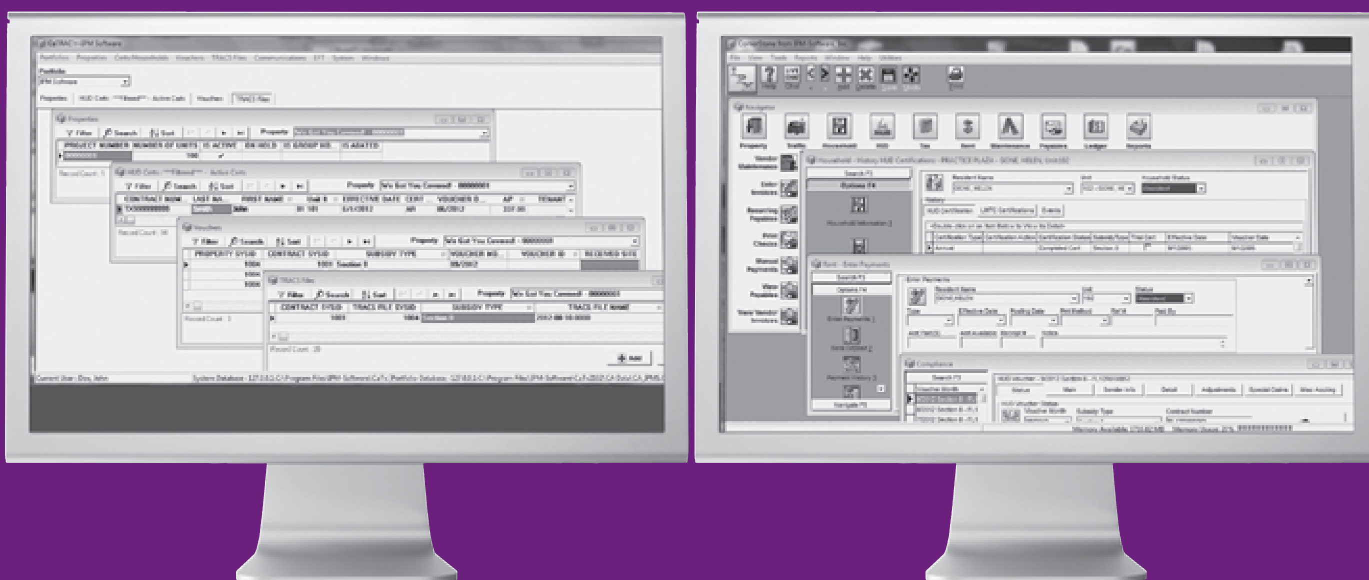

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Updated REAC Bulletin Carries Favorable Changes

HUD's updated Real Estate Assessment Center (REAC) Compilation Bulletin 2.3 clarifies scoring protocol for REAC's physical inspections. Some revisions will result in only a deficiency notation during the physical inspection process, rather than a point loss to the property in the final physical inspection score.

The revisions instruct REAC inspectors on scoring for single "dead" roaches, tenant-owned equipment—including fire extinguishers—and scattered-site inspection protocol.

The new "dead" roach protocol became effective on September 4, 2012, and clarifies situations that will lead to point loss or notation. If the inspector observes either one dead roach or only roach droppings in a unit or in an inspectable item location in Common Areas, the inspector records this as Health and Safety (H&S), Hazards, Other.

NAHMA's regulatory affairs committee is reviewing the REAC revisions.

ROACHES IN UNITS AND COMMON AREA ITEMS

The new "dead" roach protocol became effective on September 4, 2012, and clarifies situations that will lead to point loss or notation. If the inspector observes either one dead roach or only roach droppings in a unit or in an inspectable item location in Common Areas, the inspector records this as Health and Safety (H&S), Hazards, Other. In the comment field, the inspector writes either "one dead roach" or "roach droppings only." In this situation, the deficiency causes no point loss.

However, the inspector must record an observation of more than one dead roach or one or more live roaches in a unit or in an inspectable item location in Common Areas as "infestation."

TENANT-OWNED EQUIPMENT CLARIFICATIONS

The update treats certain major appliances as if they are owned by the property. Refrigerators, stoves and window air conditioners owned by residents must be inspected and deficiencies, including H&S deficiencies, must be recorded. Property owners and management agents may continue to submit Technical Review/Database Adjustment (TR/DBA) requests for cited deficiencies for these resident-owned items.

All other resident-owned property such as fire extinguishers, mirrors, picture frames, fan covers, play equipment and similar items will be inspected for H&S deficiencies only. Deficiencies recorded under "Hazards, Other" incur no point loss.

HUD calls out two observations that cause different recording with regard to equipment and property:

- Resident-owned property, including furniture, appliances or other devices that prohibit access to call-for-aids (pull cords) or create blocked egress. This observation must continue to be cited as Call-For-Aid, Inoperable or H&S, Emergency/Fire Exits, Blocked/Unusable, as applicable.
- Improperly stored flammable materials, regardless of ownership. This observation will also continue to be recorded as H&S, Flammable Materials, Improperly Stored, regardless of ownership. (Revision is already in effect for inspections.)

FIRE EXTINGUISHER INSPECTIONS

All fire extinguishers observed must be inspected, regardless of ownership. Any property-owned or supplied fire extinguishers that are missing, expired, discharged, or otherwise damaged will be cited as a deficiency regardless of whether or not the extinguisher is required by local code.

If the fire extinguishers are owned and supplied by residents, the equipment will be cited only for H&S deficiencies and recorded as H&S, Hazards, Other and suffer no point loss.

This revision is already in effect for inspections.

INSPECTOR VISITS TO SCATTERED SITES

Before generating a sample, inspectors are required to visit all locations in the scattered-site property to visually verify building and unit counts. After generating a sample and selecting the sample buildings and units, inspectors are only required to re-visit and inspect the sample buildings and units and the sites associated with the sample buildings. If a building that is selected as part of the sample is on a multiple building location, the entire site for that location must be inspected.

The REAC compilation bulletin revision 2.3 may be found at http://www.nahma.org/member/New%20HUD%20Docs/REAC_Comp_Bulletin_Rev2.3.pdf. NAHMA will continue to work with REAC to improve the clarity in the process for physical inspections and scoring. **NN**

Industry Concerned About Proposed Submetering Rule

NAHMA and other industry organizations involved in the Low-Income Housing Tax Credit (LIHTC) Program have worked with the Internal Revenue Service (IRS) since 2003 on the issue of how property owners and managers determine adjustments to gross monthly rent when residents pay for utilities. After the IRS issued a Notice of Proposed Rulemaking (NPR) and Notice of Public Hearing (NPH) on August 7, 2012 amending and clarifying how these adjustments are made, the organizations jointly submitted comments that identified several key concerns.

In the comments, the organizations agreed with the IRS clarification that owners of properties with rent restricted units, which are not subject to the Rural Housing Service (RHS) or Housing and Urban Development (HUD) rules, may use the range of options to estimate utilities provided in the original notice.

However, the industry groups expressed concern with the approval of permitted estimation methods by state housing agencies. In the summary of comments on Notice 2009-44 and Explanation of Provisions, the IRS states,

> *Existing rules address the role of the State housing agencies in determining utility allowances. Thus, depending on the particular method under §1.42-10(b)(4)(ii), State housing agencies may require certain information before a method can be used, or they may disapprove of a* method.

The organizations disagreed with the general implication of this language that state housing agencies may arbitrarily choose to disapprove any method described in the regulation.

Also in the proposed rule, the IRS stated:

> *1)…a building owner may obtain a utility estimate for each unit in the building from the agency that has jurisdiction over the building "provided the Agency agrees to provide the estimate." That is, State housing agencies are not required to provide a utility estimate under §1.42–10(b)(4)(ii)(C).*

…for utility estimates based on an energy consumption model that satisfies the rules specified in the July 29, 2008 notice, the organizations disagreed strongly with the suggestion that an agency may simply reject estimates if calculated by a properly licensed engineer.

The organizations also agreed that state housing agencies are not required to provide utility estimates, and believe that the original language in the June 19, 2007 update of the regulation is clear on this point.

The organizations agreed that agency approval is necessary for professionals who are not properly licensed engineers. However, for utility estimates based on an energy consumption model that satisfies the rules specified in the July 29, 2008 notice, the organizations disagreed strongly with the suggestion that an agency may simply reject estimates if calculated by a properly licensed engineer. "In fact," the written comments note, "we believe that the agency should be accepting of the estimates prepared by a properly licensed engineer."

The industry comments pointed out that state certification brings with it standards for expertise, performance, and conduct, since it subjects the certified individual and/or firm to sanctions through the professional certification and oversight process.

As written, the language in the August 7, 2012 proposed rule would give state housing agencies authority to ignore the intent of the existing regulation, which is to recognize accurate estimates that encourage energy efficiency and are based on reliable methods that are easily verifiable.

"We are concerned that agencies may impose less accurate methods for calculating utility allowances on an arbitrary basis," the industry comments noted. "We recommend that the IRS direct state housing agencies to review the data and information provided by project sponsors and make a determination based on the facts of the individual project submission. Applicants for LIHTC credits should be encouraged to engage with the state housing agency to determine what, if any, issues or concerns the approving agency may have."

Along with NAHMA, signatories to the letter included the National Apartment Association; National Association of Affordable Housing Lenders; National Association of Home Builders; National Association of Housing Cooperatives; National Leased Housing Association; and National Multi Housing Council, which led the effort. **NN**

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NAHMA

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

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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

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601 Union Street, Suite 1300, Seattle, WA 98101
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Megan Davidson, Program Director
MAHIP@wellsfargo.com

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Together we'll go far

Multifamily Insurance Program Succeeding & Expanding

BY J. MEGAN DAVIDSON

In May 2011, NAHMA endorsed the Multifamily Affordable Housing Insurance Program (MAHIP), an insurance program created by Wells Fargo Insurance Services that is designed to address the unique needs and exposures of organizations serving the affordable housing industry. Wells Fargo Insurance Services is offering this insurance program either directly to affordable housing providers, or through their local, trusted agent.

We have experienced success with this program in all areas of the country. We have no geographic barriers to providing coverage anywhere in the nation—or the world, for that matter. Our solutions do vary by location, as there is no "one size fits all" when it comes to affordable housing.

▮ We have saved program participants as much as 28 percent on their annual premium, while improving their coverage!

▮ Pricing in the Northwest, with one of our key markets, is being decreased, as it is seen as a profitable marketplace for insurance by one of our key insurers.

▮ We are adding new insurance companies into our program, as they are now coming to us asking to participate.

▮ Our team is coordinating a presence at regional AHMA meetings so folks can get to know us better, and provide regional support, along with our national support of NAHMA. We have done—and are available for—speaking engagements.

There have been some interesting developments and successes over the last year. For example:

▮ The entire world was remapped in 2011 with respect to Catastrophe zones. Wells Fargo has risen to the challenge with exclusive programs for wind deductible buy-back coverage, available in key regions.

▮ New programs and insurance solutions have arisen in response to the challenging property insurance market, and we keep abreast of all of them.

▮ There are exciting, new exclusive insurance products being released, one of which is Tenant Discrimination coverage. This can be combined with Employment Practices Liability for those interested in both coverages.

▮ We have solutions for LIHTC exposures—both Property-related or Professional Liability-related.

▮ Our solutions include those for locations offering services (Professional Liability) as well as those which offer housing without associated services.

▮ Bed bug coverage is available—both for Extermination and as a Liability option.

▮ We expect claims. It is while in the midst of what can be a challenging time for our clients that we have an opportunity to help and support them. This is where all our hard work in negotiating coverage makes a difference. Their goal is always to find coverage, rather than just pass along an insurance company's opinion on coverage.

▮ We have had property losses within the program this year, from relatively contained events involving a kitchen fire to the destruction of an entire building.

▮ With every loss/event, we sort through causal factors. Our goal is to use the information to provide our policyholders with the best risk management information available.

▮ As we know from experience, one out of every 123 housing units will have a kitchen fire each year. Not only is a fire loss an inconvenience and a financial hardship, but it is potentially life threatening. Our recommendation is that folks consider installing Fire Stop systems above their stoves. They tend to pay for themselves within three years.

Please see the sidebar for a listing of the benefits and coverages when exploring your insurance needs through the MAHIP program. **NN**

J. Megan Davidson, ARM, CISC, is Vice President, Wells Fargo Insurance Services USA, Inc. She can be reached via email at Megan.Davidson@wellsfargo.com.

Wells Fargo's MAHIP Benefits and Coverages

HIGHLIGHTS

- Competitive premiums
- Additional discounts for properties designated as Communities of Quality®
- Program accessible directly to affordable housing providers, or through their local, trusted agent or broker
- Available in all 50 states, U.S. territories, and its possessions

Coverage highlights can include:

PROPERTY

- "Green" endorsement
- Broadened definition of business income
- Extended period of indemnity for business income
- Mold coverage
- Tenant displacement coverage
- Catastrophic exposures—earthquake, wind, flood
- Builders risk
- Terrorism
- Spoilage coverage
- Sewer, drain, sump back-up coverage
- Coverage for foundations
- Emergency vacating expense

GENERAL LIABILITY

- Sexual abuse and molestation
- Limited lead/asbestos liability
- Development liability
- Broadened definition of personal and advertising injury
- Per location/project aggregate

AUTOMOBILE

- Hired and non-owned auto liability and physical damage
- Lease/loan gap coverage
- Loss of use for hired autos

OTHER

- Tenant Discrimination/Employment Practices Liability
- Directors and Officers Liability
- Bed Bug Extermination
- Bed Bug Liability

Fall Meeting Cut Short as Hurricane Sandy Loomed

With major issues looming before the affordable housing industry, such as the possibility of sequestration and other major budget cuts to federal housing programs, NAHMA prepared to hold its fall meeting on Oct. 28-30, 2012 in Washington, D.C. However, an even larger force—Hurricane Sandy—was looming over the East Coast as the meeting was about to get underway.

While more than half of registered meeting attendees were forced by the storm to cancel their travel to Washington, some 70 NAHMA members were able to attend the meeting. Activities began on Sunday, Oct. 28, with a full day of committee meetings to review public policy issues, as well as NAHMA's many programs and activities, including education and training courses, credentialing programs, Communities of Quality® and the Affordable 100 program.

Late on that Sunday, the federal government announced it would be closed on Monday, Oct. 29 due to the storm, and as a result, the meeting's guest speakers from HUD and other federal agencies were not able to attend as scheduled. Instead, meeting attendees continued policy issue discussions on the first part of Monday, and the meeting was concluded with the Monday luncheon, as the storm began in earnest to impact the East Coast.

Essential business that was scheduled to occur at the meeting but that was cancelled, such as the election of the NAHMA Board of Directors and Officers and approval of the organization's 2013 budget, was subsequently addressed via email vote. The NAHMA Educational Foundation Poster Auction has been rescheduled for the March 2013 NAHMA meeting.

At press time, NAHMA and AHMA members in the areas hit hardest by the storm, including the New Jersey coast and New York City, were just beginning to assess the devastation that was wrought by the historic event, and some 40 NAHMA members who had been stranded due to the storm at NAHMA's meeting hotel were finally able to find flights home. **NN**

Special Thanks to NAHMA's October Meeting Sponsors

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Bernard Robinson & Co., LLC

An Appropriate Time for Giving Thanks

NAHMA would like to thank its leaders who are completing their term of service in November 2012, for their outstanding work on behalf of the organization.

Outgoing NAHMA Officers and Board Members
Scott Reithel, CGPM, NAHP-e (President)
Carole Glodney, SHCM, NAHP-e (Secretary)
Dan Murray, NAHP-e (Immediate Past President)
George Caruso, SHCM, NAHP-e
Randy Lenhoff, NAHP-e
Karen Steinbaum, NAHP-e
Gwen Volk, CPO, SHCM, NAHP-e
Johrita Solari, SHCM, NAHP-e (Voting Past President Board Member)

Outgoing NAHMA Educational Foundation Board Members
Bill Kargman, NAHP-e
Gianna Solari, SHCM, NAHP-e

Outgoing NAHMA Committee Chairs & Vice Chairs
Affiliate Members Committee, David Durik, Chair
AHMA Liaison Committee, Gianna Solari, Chair
Budget & Finance Committee, Michael Johnson, Chair
Certification Review Board, Rich Skoczylas, Chair
Certification Review Board, Melanie Shapiro, Vice Chair
Education & Training Committee, Angie Waller, Chair
Fair Housing Committee, Debbie Piltch, Chair
Federal Legislative Affairs Committee, Raquel Guglielmetti, Chair
Membership and Marketing Committee, Christina Sanchez, Chair
Nominating Committee, Dan Murray, Chair
Regulatory Affairs Committee, Tim Zaleski, Chair
Rural Housing Committee, Michael Simmons, Chair
Senior Housing Committee, Melanie Kibble, Chair
Tax Credit Committee, Karen Newsome, Chair
TRACS and Contract Administration Committee, Nancy Evans, Chair
Budget & Finance Committee, Karen Newsome, Vice Chair
Rural Housing Committee, Robert Gibson, Vice Chair
Senior Housing Committee, Margaret Davey, Vice Chair

In addition, NAHMA wishes to thank in advance the incoming officers, board members, and committee chairs.

Incoming NAHMA Officers and Board Members
OFFICERS
President: Gianna Solari
President Elect: Ken Pagano
Vice President (2): Karen Newsome, Michael Johnson
Secretary: Tim Zaleski
Treasurer: Steve Henderson
Past President: Scott Reithel

BOARD MEMBERS
Nancy Evans; Melanie Kibble; Christina Sanchez; Larry Sisson; Rich Skoczylas; Christopher White; Bill Wollinger (re-election)

Incoming NAHMA Educational Foundation Board Members
Melissa Fish-Crane; Mark Livanec (re-election); Gemi Ozdemir; Debbie Piltch; Jason Scutt; Isabel Toth; Rob Willis

Incoming NAHMA Committee Chairs & Vice Chairs:
Affiliates Committee:
Chair John Yang, Vice Chair Lori Russell
AHMA Liaison Committee:
Chair Ken Pagano, Vice Chair Karen Newsome
Budget & Finance Committee:
Chair Steve Henderson, Vice Chair Tim Zaleski
Certification Review Board:
Chair Maria Oymaian, Vice Chair Jan Peters
Education & Training Committee:
Chair Debbie Piltch, Vice Chair Doreen Donovan
Fair Housing Committee: Chair Larry Sisson
Federal Affairs Committee:
Chair Mark Morgan, Vice Chair Nancy Evans
Membership and Marketing Committee:
Chair Julie Wall, Vice Chair Chad Ketler
Nominating Committee:
Chair Scott Reithel, Vice Chair Gianna Solari
Regulatory Affairs Committee:
Chair Michael Johnson, Vice Chair Robert Gibson
Resolutions and Bylaws Committee:
Chair Phil Carroll, Vice Chair John Autry
Rural Housing Committee:
Chair Raquel Guglielmetti, Vice Chair Larry Anderson
Senior Housing Committee:
Chair Michael Simmons, Vice Chair Jasmine Borrego
Tax Credit Committee:
Chair Rusty Fleming, Vice Chair Greg Brandwene
TRACS and Contract Administration Committee:
Chair: Peter Lewis, Vice Chair Debbie Ross-Weseloh

NAHMA Scholarships Continue to Benefit Residents

As fall turns to winter and this year's 33 NAHMA Scholars are well underway with the 2012/2013 school year, the NAHMA Educational Foundation reflects proudly on the first six years of the scholarship program and looks forward to the 2013/2014 application process.

Throughout the scholarship program's history, 212 scholarship grants have been awarded to 150 different residents. Residents are able to reapply from year to year as long as they are making satisfactory progress toward a degree and maintaining a strong grade point average. Students from 14 different AHMAs have benefitted from the scholarship program. During the 2011/2012 school year eight NAHMA Scholars graduated, raising the total to 29 over the life of the program. In 2012, a total of $33,750 was awarded to worthy resident students. The scholarship dollar total over the program's history is in excess of $213,000.

"The Foundation is very pleased to have provided financial assistance to so many students living at AHMA-member properties throughout the country for the last several years," said NAHMA Educational Foundation Chairperson Wayne Fox, at the recent fall meeting. "We have intensified our fundraising efforts over the last 18 months, and a Foundation Task Force has revised our online application for 2013/2014. As a result, we are looking forward to another great year."

An announcement regarding the release of the streamlined 2013/2014 application availability will be forwarded to all members after the first of the calendar year. With additional funding available next year, why not promote this terrific resident benefit program to your residents?

Anyone with questions or seeking additional information can contact Dr. Bruce W. Johnson, NAHMA Scholarship Program Administrator at bwjec@comcast.net or at 215-262-4230. **NN**

Perfect Time to Order Calendars

JUST BEFORE THE HOLIDAYS is a great time to order the 2013 NAHMA Drug-Free Kid calendars. The winning artwork contained throughout this very colorful and useful product represents residents of all ages participating in the local, regional and national poster/calendar art contest.

This year's theme was "The Next Step is Yours: Let's Take Care of Our World!" The calendar features artwork from AHMA-affiliated properties all around the country. It will make a great gift for family members, friends, staff and residents.

Purchasing the calendars is meaningful in many ways.

First, the poster and art contest held to create the calendar is a part of and supports the NAHMA Educational Foundation's annual scholarship program. Your purchase will honor the student artists who competed for the educational scholarships that go to the national and grand-prize winners. This year, the grand-prize winner is sixth-grader Oscar Castillo of Baldwin Park, Calif., whose artwork was submitted by AHMA-PSW.

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

Order your NAHMA calendar today, for just $5.50 each, via the order form contained in this issue of *NAHMA News*, by going to NAHMA's website store at www.nahma.org/store or by calling NAHMA at 703-683-8630, ext. 15 for a faxable order form.

You, too, can "Help Take Care of Our World" by purchasing and distributing far and wide the NAHMA Drug-Free Kid calendar.

Using Data to Understand and End Homelessness

Since homelessness emerged as an issue in the United States, a broad group of dedicated individuals and organizations—from advocacy groups and shelters to local, state, and federal government agencies—have fought to help homeless persons find housing and remain stably housed. Data have become a critical component of these efforts. Documenting the number, characteristics, and needs of homeless persons in American communities, as well as the number of people receiving services and the capacity of these services, is essential to identifying the proper strategies to tackle the problem; it's very difficult to manage what you can't measure.

Because counting the homeless population is difficult and resource intensive, local governments have had to develop systems that are flexible enough to accommodate differing local circumstances yet also consistent enough to aggregate local data and get a holistic picture at the national level. This article summarizes the evolution in understanding homelessness in this country through data, detailing early attempts at measurement and the current systems used by HUD and its federal and local partners, principally Point-in-Time (PIT) counts, the Housing Inventory Count (HIC), and Homeless Management Information Systems (HMIS). The article also explores the ways that this information has helped policymakers confront homelessness more effectively. When used together, these complementary data collection efforts offer a more in-depth picture of homelessness that enables policymakers to target resources toward effective assistance models and more quickly adapt less effective programs.

HUD'S CURRENT DATA COLLECTION EFFORTS

HUD continues to rely on data to learn about and address the homeless crisis in America. The core data sets that HUD uses for its current evaluation are PIT, HIC, and HMIS. Each data set has its own strengths and limitations, and HUD leverages each of these data sets to form a more complete picture of homelessness in the United States. …

HUD requires communities to submit a count of the homeless population in their area as well as information on specific subpopulations, including chronically homeless persons, veterans, and unaccompanied youth. Communities report this information by household type and program type. A PIT count is composed of two parts: a sheltered PIT count, which is required every year, and an unsheltered PIT count, which is required at least every other year. Communities submit these data annually through their Continuum of Care (CoC) applications for Homeless Assistance Grants.

Many communities develop their sheltered count from their HMIS data. However, when the HMIS data are insufficient, due to lack of coverage across the community of providers or other reasons, communities generally supplement the data based on surveys. HUD does not prescribe the survey method to use but does provide guidance on survey techniques in its publication, A Guide to Counting Sheltered Homeless People. …

HUD'S DATA PRODUCES AN IN-DEPTH PICTURE OF HOMELESSNESS

Each year, HUD makes its HIC and PIT data publicly available and reports these data, as well as HMIS data, to Congress in its Annual Homelessness Assessment Report (AHAR). In the 2010 AHAR, HUD reported that in the last 10 days of January nearly 650,000 homeless persons were on the streets and in emergency shelters and transitional housing, and that over the course of the year approximately 1.59 million people spent at least one night in an emergency shelter or transitional housing program. These two figures demonstrate the tremendous churning in the homeless population. …

Knowing the data about homeless persons' length of stay in emergency shelters has allowed policymakers to recognize that many—in fact most — homeless individuals do not need a permanent housing subsidy and supports to exit homelessness. Rather, a short-term intervention such as rapid re-housing is an effective and more efficient form of assistance for most homeless persons. Whereas nearly two-thirds of homeless persons who enter emergency shelters are homeless only for a month or less during the year, only 6 percent are homeless for more than 6 months during the 12-month period; these long-term homeless persons will typically need a more robust intervention, such as permanent housing with supportive services, to successfully exit homelessness and remain stably housed. …

Other federal partners use the data and are encouraging their partners to use HMIS and similar databases. …

LOOKING TO THE FUTURE

Although HUD has made great strides in its data collection efforts, there is more to learn and do. The recently enacted Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act is pushing HUD to improve data collection at the community level. The HEARTH Act requires more critical analysis of recidivism and the nature of those experiencing homelessness for the first time. HUD will continue to encourage communities to analyze projects based on performance. … **NN**

Excerpted with permission from the Summer 2012 Issue of Evidence Matters, *a publication of U.S. Department of Housing and Urban Development. For full article, go to www.huduser.org/portal/periodicals/em/summer12/highlight2.html.*

RECENTLY, USDA-RURAL DEVELOPMENT MADE a number of policy changes that affect its multifamily housing programs. They include Administrative Notices (AN) 4679 *"Implementation of 2010 Census Data for Rural Development Programs,"* which can be found at www.rurdev.usda.gov/SupportDocuments/an4679.pdf; and AN 4689 *"Design/Build and Construction Management Proposals for 514/515 Housing Projects,"* which can be found at www.rurdev.usda.gov/SupportDocuments/an4689.pdf. Several Unnumbered Letters (ULs) were also issued and can be found at www.rurdev.usda.gov/SupportDocuments/uloctober12.pdf.

HUD NEWS

ON SEPTEMBER 17, HUD ANNOUNCED THAT IT WILL BE HOLDING ADDITIONAL ADVANCED MULTIFAMILY PROPERTY PRESERVATION TRAINING WORKSHOPS through its "Partners in Housing" program. The workshop is free and for multifamily owners and senior-level management company staff. The training builds upon the Basic "Partners in Housing" course that HUD and TDP have been holding across the country. The Basic course is not a prerequisite for the advanced session, but participants should be familiar with HUD Multifamily programs. HUD will also use these workshops as an opportunity to share the latest information on the agency's programs. Training sessions will take place in five different cities—Denver, Chicago, Los Angeles, Philadelphia

Conversion of RAP and Rent Supp Tenant Protection Vouchers (TPV)

ON SEPT. 28, HUD PUBLISHED A NOTICE IN THE *FEDERAL Register* to clarify its guidance and instructions for the conversion of RAP and Rent Supp tenant protection vouchers (TPV) to project-based vouchers (PBV) under the Rental Assistance Demonstration (RAD) program.

The owners that submitted requests to HUD Multifamily field offices to convert TPVs to PBVs between the publication of the Partial Implementation Notice and the Final Implementation Notice may proceed to complete RAD conversions under the terms and requirements of the Partial Implementation Notice PIH 2012-18, provided that the Multifamily field office has received a written request and/or supplemental materials from the owner or owner's representative to convert Rent Supp or RAP TPVs to PBVs.

Owners wishing to convert under the Partial Implementation Notice must meet all submission requirements of that Notice by November 12, 2012, or else that request will be rejected. If the request is rejected, owners may submit a new RAD conversion request under the terms and requirements of the Final Notice (PIH 2012–32, July 26, 2012).

The Federal Register Notice may be found at www.gpo.gov/fdsys/pkg/FR-2012-09-28/pdf/2012-23910.pdf; the HUD Notice PIH 2012–18 may be found at http://portal.hud.gov/huddoc/12-18pihn.pdf; and HUD Notice PIH 2012–32 may be found http://portal.hud.gov/huddoc/12-32pihn.pdf.

HUD NEWS

and Boston—between October and January 2013. To register for one of the sessions and learn more about the program please use the following link: http://tdpsvs.com/hud/.

IN EARLY SEPTEMBER, HUD PUBLISHED REVISIONS TO CHAPTER 14 "PARTIAL PAYMENT OF CLAIMS, RESTRUCTURING OF HUD HELD LOANS, AND MODIFICATIONS OF FHA-INSURED LOANS" to the Asset Management and Project Servicing Handbook 4350.1. A copy of the revised Chapter 14 may be found at www.nahma.org/member/New%20HUD%20Docs/chapter%2014_partial%20payment_4350.1_Revised_Sept12.pdf. A copy of the full 4350.1 Handbook may be found at http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsgh/4350.1.

USDA-RURAL DEVELOPMENT RECENTLY ISSUED A "WORKSHEET FOR MFH INDIVIDUAL TENANT FILE REVIEW," which is used during RD's supervisory visits and Improper Payments Audits for rural multifamily properties. The worksheet acts as a checklist for RD and auditors to ensure that properties are complying with tenant file regulatory requirements. A copy of the worksheet may be found at www.nahma.org/member/USDA/Worksheet%20for%20RD%20Tenant%20File%20Review.pdf.

HUD HAS SHARED EDUCATIONAL POSTERS REGARDING BED BUG INFESTATIONS that O/As can post in their projects for tenants. They were produced as a joint venture by the Safer Pest Control Project and the Illinois Department of Public Health, with funding by EPA Region V. They have provided one in English and one in Spanish. For a copy of the poster in English, go to to www.nahma.org/member/New%20HUD%20Docs/Bedbugs_Poster_English.pdf; for a copy of the poster in Spanish, go to www.nahma.org/member/New%20HUD%20Docs/Bedbugs_Poster_Spanish.pdf.

IN MID-SEPTEMBER, HUD ANNOUNCED IT WAS EXPANDING ITS MULTIFAMILY LIHTC PILOT PROGRAM to five new Hubs: Atlanta, Denver, Fort Worth, San Francisco and Seattle. The geographic reach of the program has also been expanded to include projects across the entire country. Projects that are not in the jurisdiction of one of the processing Hubs will be assigned to one for underwriting. Firm commitment approvals will remain with the Hub Director in whose jurisdiction the project is located. The pilot program is designed to streamline FHA mortgage insurance applications for projects processed under Section 223(f) and financed with LIHTCs. The current participating Hubs are Boston, Chicago, Detroit and Los Angeles. A copy of the expansion letter may be found at http://portal.hud.gov/hudportal/documents/huddoc?id=pilotexpansionletter.pdf.

ON OCT. 22, HUD PUBLISHED NOTICE H 2012-21 "IMPLEMENTATION OF TENANT PARTICIPATION REQUIREMENTS in accordance with 24 CFR 245 Subpart B and HUD Handbook 4381.5 REV-2 'The Management Agent Handbook'." The Notice addresses available sanctions and the use of civil money penalties as tools to enforce the Department's regulations regarding tenant participation in multifamily housing projects, found at 24 CFR Part 245. The Notice also reiterates the rights of tenants and tenant organizations within the regulations, as well as what would constitute an impediment to residents or resident associations attempting to exercise their rights. Please find a more detailed summary of the Notice below. A copy of the Notice may be found at http://portal.hud.gov/huddoc/12-21hsgn.pdf.

ON OCTOBER 16, HUD PUBLISHED ITS "NOTICE OF CERTAIN OPERATING COST ADJUSTMENT FACTORS FOR 2013" in the *Federal Register.* The Notice establishes operating cost adjustment factors (OCAFs) for project-based assistance contracts for eligible multifamily housing projects having an anniversary date on or after February 11, 2013. The 2013 OCAFs and more information about how they were calculated may be found at www.gpo.gov/fdsys/pkg/FR-2012-10-16/pdf/2012-25289.pdf. **NN**

Loving the Work of Housing Preservation

MARGIE MAISONET IS THE MANaging partner at Federal Practice Group, LLC (FPG), a woman-owned, Washington, DC-based small business that consults to federal and state governments to improve low-income multifamily rental housing. FPG joined NAHMA as an affiliate member in 2007, because "We've all been in the affordable housing industry for years, and we appreciate the excellent education NAHMA provides and the work they do," she said. "They also help us stay current with the industry and they are true professionals when advocating for industry."

FROM INTERN TO SENIOR MANAGER

Maisonet began her affordable housing career in 1991 when she applied to HUD as a federal career intern in Chicago with the Office of Multifamily Housing serving as her home office. She served in various roles while at HUD, including as a project manager, supervisory project manager and senior project manager focusing on troubled properties. In 2000, she moved to the Departmental Enforcement Center (DEC) where she was the satellite office director. Her final position was as the DEC director in Washington, D.C., where she served for four years before leaving HUD in December 2006 to try something new.

After leaving HUD, she went to the Federal Election Commission where she served as the Chief Compliance Officer for only five months before being offered the chance to come to FPG by Founding Partner Kevin McMahan in 2007. Having missed the affordable housing arena, she welcomed the opportunity to "come home where I knew what all the acronyms meant!" Later that year, she and Robert Robinson became partners in the company.

ENJOYING HOUSING PRESERVATION

Maisonet says she loves her work, especially the variety. "I'm always working on five different projects," she said.

"The affordable housing mission is very important, especially with respect to preservation, green retrofits and training," she said. Because FPG is a small company by design, it works with independent senior consultants, other small firms and large firms on various engagements.

FPG is focused on the preservation of the existing housing stock and on retrofitting it to be more energy efficient and to be a better place to live. FPG's services are fully scalable to expand or contract to meet the needs of its clients. "We perform a full range of services including program design, policy development, program implementation, research and analysis, training, and results measurement."

What Maisonet likes best about the services FPG offers is helping clients develop and implement new programs. She also enjoys training and is one of HUD's facilitators for the "Partners in Housing" series offered around the country.

FPG has been a longtime advisor to HUD's Office of Affordable Housing Preservation and helped HUD develop the Green Initiative and later, the Green Retrofit Program that was funded by the Recovery Act of 2009. FPG is now working on the Rental Assistance Demonstration program and as a subcontractor to a firm providing underwriting due diligence and closing services to HUD's Office of Healthcare Programs. Late last year, FPG and its teaming partners completed a study for the Mortgage Bankers Association on the health of various FHA multifamily and healthcare programs. FPG previously worked with teaming partners on a five-year engagement for Rural Development on their multifamily direct loan, guarantee, and voucher programs.

FPG is a proud member not only of NAHMA but also of the U.S. Green Building Council, the National Leased Housing Association and the Council for Affordable Rural Housing.

When asked, Maisonet said her least favorite aspect of her work is business development. She said getting the work is more challenging and not as much fun as doing the work. **NN**

What Maisonet likes best about the services FPG offers is helping clients develop and implement new programs. She also enjoys training and is one of HUD's facilitators for the "Partners in Housing" series offered around the country.

EDUCATION CALENDAR

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

DECEMBER

4
How To Maneuver Secure Systems & EIV Update
Webinar
Audra Garrison
(888) 242-9472

4-5
SHCM 1½ Day Prep Course/ Exam
Milwaukee, WI
Audra Garrison
(888) 242-9472

5
NEAHMA Holiday Meeting
TBD
Julie Kelliher
(781) 380-4344

6
PennDel AHMA Holiday Meeting & Toy Drive
Philadelphia, PA
Gerri Aman
(856) 786-2183

JANUARY

8-10
CPO
Atlanta, GA
Daria Jakubowski
(800) 745-4088

15
Compliance Multilayering
Sacramento, CA
Jennifer Diehl
866-698-2462

16-17
FHC
Mission Viejo, CA
Jennifer Diehl
(866) 698-2462

17
Elderly Housing Symposium
Atlanta, GA
Daria Jakubowski
(800) 745-4088

FEBRUARY

5
Coordinators and the HUD Secure System
Atlanta, GA
Daria Jakubowski
(800) 745-4088

6
Conquering the Dreaded HUD 2530 & APPS
Atlanta, GA
Daria Jakubowski
(800) 745-4088

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

11-13
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
Daria Jakubowski
(800) 745-4088

14
Nevada 3rd Seminar
TBD
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
Daria Jakubowski
(800) 745-4088

24-26
NAHMA Legislative Meeting
Washington, DC
Brenda Moser
(703) 683-8630, ext. 12

26-28
Alabama State Meeting
Birmingham, AL
Daria Jakubowski
(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
Daria Jakubowski
(800) 745-4088

18
Basic Apartment Management, Module 3 "Maintenance"
Phoenix, AZ
Jennifer Diehl
(866) 698-2462

23-25
Florida State Meeting
Jacksonville, FL
Daria Jakubowski
(800) 745-4088

Training the Next Generation Key Focus of AHMA ET

AS SOMEBODY WHO HAS BEEN in affordable housing for 40 years—and shows no sign of slowing down—Regina Boyd is a classic example of moving up the ladder and pulling others up behind her.

STARTING HER CLIMB

Boyd took a job as a receptionist for the Catholic Diocese of Austin, which owned six properties in Bryan/College Station, Texas, just out of college in 1973. She moved up to bookkeeper, area bookkeeper, property manager and area supervisor in about a year. She stayed for two years, and then moved to Houston, where her husband, who was also a graduate of Texas A&M University, had taken a job with Gulf Oil.

Boyd went to work for the Houston Housing Corp., where she managed a Section 236 property for nearly two years. She then worked for a company out of California which trained her at a 650-unit conventional property. "I was like a duck out of water, because I had been doing affordable so far," she recalled. She became an area supervisor for three affordable properties owned by a nonprofit.

A MEANINGFUL DETOUR

Meanwhile, Boyd was also a Federal Emergency Management Agency (FEMA) reservist, and between 1978-1982 she got sent to six disaster sites, the largest of which was when Hurricane Alan hit Corpus Christi in the fall of 1979. "I was a placement chief over incoming temporary housing," she said, "and we had about 30,000 applications to process."

Then there were three floods in Houston, and she worked for the public information officer until somebody found out she understood housing. She worked both placing families in temporary housing and then getting them moved to permanent housing.

BACK TO HOUSING

Boyd ended up back at the nonprofit she had been working with in Houston, Radney Management, where she served as operations manager from 1982 to 1988. "At the time they had one property in Houston, one in Ypsilanti, Mich., and one in Flint, Mich.," Boyd said. "I commuted to Detroit for two-and-a-half years."

In the fall of 1988, Boyd went to work for the Houston Housing Authority, where she managed two offices dealing with scattered sites, foreclosed FHA homes, "leasing, qualifying, and so forth," she said. She did this for four years.

She had a two-year stint with Westmark Management in Houston, where she was the TRACS/onsite trainer." She processed 52 vouchers every month and was responsible for properties in six states.

From 2001 to now, Boyd has been working for Nova Management Services—her longest stint anywhere. She also owns HUDPro Compliance Consulting Services, through which she does audits and helps owners and managers look at their policies and procedures, compliance issues, and their overall portfolios.

A FOUNDING AHMA MEMBER

In the middle of her career, Boyd began meeting at a Howard Johnson's—"not on company time"—with other property managers, "just to talk and brainstorm. We were really hungry for knowledge."

"We decided we needed to form some kind of an organization, and the local HUD office was encouraging us to do this." The organization was founded but wasn't called AHMA East Texas until 1987. Again, her commitment was total and she moved up from educational coordinator to her current position as board president. She recently received an award for 25 years of service to the AHMA.

"A lot of other organizations were geared more toward owners and upper managers," she noted. "AHMA East Texas has always focused on the front-line people, making sure they had the means to get proper education in the housing industry." This includes creating a scholarship program that to date has raised almost $300,000 for AHMA ET-member residents.

MOTIVATED FOR THE "RIGHT REASONS"

"Anybody in this industry is in it for the right reasons," Boyd said. "The work and the hours and the stress—there's no financial compensation for it. I say it's a calling."

Over the years she has observed residents at properties and seen people with the potential to work in the industry. "We needed to hire someone dependable, and there was this one lady who every day at 3:00 p.m. would sit by her car waiting for her daughter to get off the bus. I decided to try and work with her, and she eventually became a property manager over properties in three states."

"We're just here to help people," she said. "We may have gotten bogged down with paperwork over the years, but the residents make it all worthwhile." **NN**

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www.NAHMA.org

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PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword BY SCOTT REITHEL, NAHP-e

Thanks for the Memories

IN JANUARY 2011, I WROTE MY first of these columns, and now I am writing my last.

I'd first like to express my thanks to all of the NAHMA members, board members, committee chairs and staff who have helped make these such a satisfying and memorable two years. I also want to wish my successor, Gianna Solari, and her fellow officers and committee chairs the best of luck during her term as NAHMA's president. I will be forever grateful to Executive Director Kris Cook and NAHMA's past presidents who assisted me during my NAHMA officer journey.

Early on in my tenure, I urged current members to reach out to their younger and less-experienced peers, and many of you did. Thanks to many of you, NAHMA's programs have flown to great heights: the Grassroots Advocacy Center, the certification programs, the Communities of Quality® Recognition Program, and the Career Center are all beneficial to our members and being accessed by them.

Interest in our meetings is up as well, I believe because more and more of us understand and appreciate the importance of NAHMA's legislative and regulatory advocacy efforts. Our staff is really on top of everything that is happening within HUD, Rural Development, the IRS and all the Congressional committees and subcommittees whose decisions affect our work and our residents.

NAHMA is fighting hard for full funding of federal affordable housing programs. There will almost certainly be budget cuts at affordable housing's expense. My hope is that you will take the time to call your Congressional representatives and ask for their support. For this, the Grassroots Advocacy Center is a fabulous resource.

Between the writing of our 2007 and 2012 Strategic Plans, we had numerous successes, including the creation or expansion of the programs mentioned above. We also helped mitigate the financial and administrative burdens and liability exposure of the original Limited English Proficiency (LEP) guidelines; got clarity and consistency in REAC inspections, protocol and scoring; sought reauthorization of the Mark-to-Market program and timely payments of HAP contracts; and explored ways to have a strategic relationship with a larger housing organization.

Our 2012 Strategic Plan includes improving on our grassroots advocacy program; creating clear value for property owners, managers and others; formalizing mechanisms to assisting AHMAs with their work; and offering an educational curriculum that meets customer needs and NAHMA's financial goals.

I look back on my two years as president as ones in which I hope my leadership made a difference. I know it made a difference in my life—turning me into a better listener, a more active participant in our industry, a more confident professional, and a person grateful to all the many people who put their hearts, their intellect and their financial commitment into this organization that benefits us all. I look forward to joining my past president friends in mentoring those of you willing to join NAHMA in leadership roles. **NN**

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