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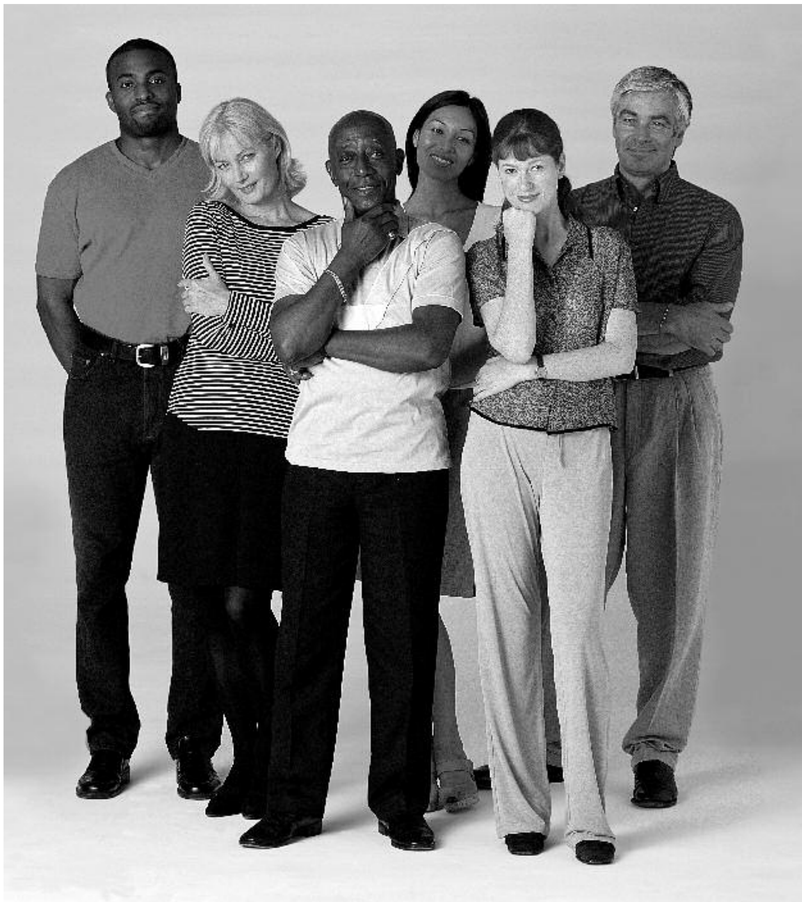
NAHPUpdate

Workforce Development Partnership Creates Jobs

BY CATHERINE A. SMITH

People already working in property management have many opportunities for career development and advancement. But what if you don't even know property management can be a career? And how can property managers find entry-level employees who are also savvy enough to understand their role in the overall picture of what a property or organization does has as its goals and challenges?

These were the questions pondered by Ed Petersen, executive director of Housing Hope in Everett, Wash., which provides housing, job placement and other services to homeless and very low income people, and Shawn Hoban, president of Coast Real Estate Services, which has long managed the 19 properties owned by Housing Hope, as well as more than 400 other properties throughout the Northwestern U.S.



Petersen had residents who desperately needed job training and jobs, and Hoban knew his company and many others needed workers who could learn quickly and comprehensively while also gaining credentials that would serve them well in the future.

The two leaders put their heads together to brainstorm a plan to satisfy their complementary needs. The result is a property management program at Everett Community College (ECC) that has just graduated its second round of property management student interns, most of whom have become property management employees. The creators of the program believe this partnership could become a model for the nation.

DESIGNING THE PROGRAM

Housing Hope knew that it had the raw material: residents who really wanted what for many of them would be a first for their families—a steady job. Coast Real Estate knew that it and other property management

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION (NAHMA)—Protecting the Interests of Affordable Housing Property Managers and Owners

companies would be willing to place students into internships that might lead to jobs with their own company or others.

"What we didn't have was a curriculum or a third-party structure that would validate what they learned," Hoban said. "So we approached ECC with this concept, and the solution has just worked fantastically."

Wilbur Wright Community College in Chicago were really generous about sharing their detailed syllabus, Petersen said. "We modeled it a little differently, but it was a great foundation to work from."

Coast Real Estate provided two dynamic staff members—its human resources director and an experienced portfolio manager—who were hired by ECC to be instructors, a task they fitted around their full-time job responsibilities.

According to Melissa Helmenstine, ECC's director of new initiatives, the program was funded by grants secured through the Workforce Development Council of Snohomish County. The Council was able to channel some discretionary funds the governor had received through the federal American Recovery and Reinvestment Act (ARRA). This funded not only the educational program piece (with help from Coast Real Estate) but also funded the students' paid internships, Helmenstine said.

TWO SUCCESSFUL ROUNDS

Students were required to take 19 credit hours plus spend 200 hours at the paid internship positions over a five-to-six month period. A cohort model was used for the program so students stayed together in the classes, progressing together and sharing experiences. The program prepared students to work as leasing agents, on-site managers and maintenance personnel.

In July 2010, 13 low-income students graduated from the program, and in May 2011, another 22 students graduated. Of the first group, nine had jobs before they finished the program, and 12 of the second group had jobs within a month of graduating.

"Overall, we'd say this is a very good success rate in an area that has about 10 percent unemployment. Their success is a huge accomplishment," he said.

VALUE FOR STUDENTS

"The graduation ceremonies were really inspiring," Petersen said. "Students brought their families, including their kids. Most gratifying is the impact you could really see that this will have on at least two generations in these families. Not only will these jobs mean the first steady income most of these students ever had, which will offer them and their children real stability, but their increased self esteem and self confidence will also alter their relationships with their children."

> **"THE PROGRAM ALSO BENEFITS the housing industry because property management companies need trained people, and these classes are all about understanding not only a job but the industry..."**

"The program also benefits the housing industry because property management companies need trained people, and these classes are all about understanding not only a job but the industry, what it takes to support each of the functions regardless of where you are in the system," Petersen noted.

Student Twila Epler, 26, of Everett said she had a tough time holding down a job before the program. Epler interned with Brierwood Manor, a 156-apartment property in south Everett, learning how to work as a leasing agent. Upon completion of her Property Management Certificate in the program, she was hired by a local property management company.

"From a human standpoint, it's phenomenal," Hoban agreed. "We're giving them hope, opportunity and stability. There were moms, dads and kids with tears in their eyes. This was the first time these students had ever accomplished anything lasting. I'd do it forever if it weren't for the funding issue."

FUNDING BEING SOUGHT

At press time, it looked as if federal budget cuts would reach down to the Workforce Development Council of Snohomish County, and the ARRA grants—for this program at least—would be eliminated. "The Council sees this as a huge success," Petersen noted, "and so they are very actively looking for grants and other ways to get funding."

"All the partners would like the program to continue."

For more information about the property management program, contact Melissa Helmenstine, Everett Community College's Director of New Initiatives at 425-388-9072 or mhelmenstine@everettcc.edu. NU

Catherine A. Smith is the editor of NAHP Update.

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New Multifamily Functionality in EIV Release

HUD's Enterprise Income Verification (EIV) System 9.2 was successfully released in May 2011. This updated version is important for owners and management agents (O/As), because they are required to use the EIV system to correctly calculate the amount of rental assistance to be paid on behalf of resident families.

The purpose of HUD's EIV System is to make integrated income data available from one source, via the Internet, for use in improving income verification during required income reexaminations.

EIV obtains monthly Social Security (SS) and Supplemental Security Income (SSI) benefits data from the Social Security Administration (SSA) and monthly employer new hires (W-4), quarterly wage for federal and non-federal employees, and quarterly unemployment data from the Department of Health and Human Services' National Directory of New Hires.

EIV compiles these data and makes them available to:

1. O/As to assist them in verifying tenant-provided income information at the time of re-certification for HUD's rental assistance programs.

2. Contract administrators in preparation for and during management and occupancy reviews (MORs) of O/A program operations.

3. Independent public auditors in auditing O/As and public housing authorities (PHAs) in the administration of HUD rental assistance programs.

4. HUD's Office of Inspector General in carrying out its objective to detect and pursue cases of waste, fraud, and abuse of HUD's programs.

The table below describes the new functionalities that have been added to Multifamily EIV in the EIV system 9.2 release.

Any questions related to Multifamily Housing in EIV should be directed to the multifamily helpdesk at 1-800-767-7588 or by email at mf_eiv@hud.gov. **NU**

FUNCTION	DESCRIPTION
EIV: Management Reports	
For Headquarters and Field Office Staff	EIV Usage Summary now includes 180-day statistics.
EIV: User Certification Process	
For Helpdesk, Tier 2 staff and Owners/Agents	Added Property Names to User Certification Report to assist users referencing properties for Housing Coordinator (HSC) and Contract Administrator Coordinator (CAC) roles.
EIV: ServiceDesk	
For Internal Users (HDQ)	Upgraded HDQ role to access other internal roles.
EIV: Income Information Reports	
Income Report	Contract Number and Project Number fields are no longer case sensitive. Contact/Project radio buttons now populate automatically once the Contract Number and Project Number are entered. Created a Certification Page to be used as an option by the owners/agents.
Income Discrepancy Report	Last name with masked SSN will appear on report pop-up when there is no income discrepancy condition for the household. When printing the Report, the current date will be printed at the bottom of the page.
EIV: Verification Reports	
All Verification Reports	Provides a drop down list for contracts and projects for HUD Field Office and External users. Contract Number and Project Number fields are no longer case sensitive. Contact/Project radio buttons now populate automatically once the Contract Number and Project Number are entered.
Deceased Tenants Report	Recognizes Tenant Rental Assistance Certification System (TRACS) Move Outs to eliminate those tenants from this report. Next recertification date has been removed from report.
Multiple Subsidy Report	Combined reporting of individuals receiving multiple subsidies from both the "Search within MF only" and the "Search within MF and PIH" reports. System now differentiates between Active tenants and Inactive tenants in TRACS to eliminate false reporting. Lists contracts and projects with households receiving multiple subsidies for selected HUD Offices (HFU role) for month or calendar year in alphabetic order.

The Art of Laundry Contract Negotiations

A beginner's guide

Let's say that you've recently been promoted and your first assignment involves negotiating a new laundry vending contract. Since you have no prior experience with this type of negotiation, you think, *where do I get started in this process?* Here are some basics to consider.

GETTING STARTED

First, find out how property staff feel about the current vendor. You may want to include them in your list of companies from which you request proposals (see below). If not, carefully review the existing contract, especially regarding termination. Many contracts have self-renewing provisions if certain termination requirements are not executed by a specific date.

Always send a termination letter by certified mail, requesting return receipt.

Ask local property managers if they know any quality, local, laundry service providers. This will help you solicit proposals from at least three laundry vendors, if available.

WHICH SERVICE FOR WHICH PROPERTY?

Before soliciting proposals, determine which laundry service goals an owner might desire for a specific property. Address these questions:

- **Is the reduction of utility usage a goal for the property?** If this goal is important, consider that high-efficiency, front-loading washers (1,000-1,150 RPM) use considerably less water than a conventional top-load washer, and less drying time is needed since front-loading washers can accommodate 41-64 percent more clothing per wash. While the commission rate paid is typically less for front-loading machines, the utility savings usually exceeds the commission-rate difference.
- **How many machines is required to adequately service the residents?** While the laundry room may have a certain number of machines, the current ratio of machines to residents may not be correct. Work with the vendors on the correct number of machines to ensure resident usage while maximizing revenues.
- **Do your residents expect coin or card machines?** Some residents mistrust card machines, while others find the new card payment technology very convenient. Machine activation by credit or debit card reduces theft and vandalism. However, some residents fear card loss or do not have credit and/or debit cards. Typically, lease commission rates are lower for card-activated machines due to the higher cost of this equipment.
- **What length of time do you want the laundry contract, and what type of commission structure does the owner desire?** Generally, laundry leases should be no longer than seven years, as this time period allows the machines to be fully depreciated. Lease payments are typically a percentage of sales minus resident credits. Sometimes, the vendor will pay an upfront "laundry bonus." However, smaller commission payments should be expected.

The upfront bonus payment is not recommended unless the property is experiencing severe cash flow shortages or the owner directs you to solicit this laundry bonus (for various reasons). Since the vendor is acting as a "banker," the "interest" charged by the vendor will be exorbitant.

A note of caution: laundry vendors will sometimes attempt to entice you by offering complicated payment terms. While these terms may look favorable, they typically work for the vendor's benefit. Keep your commission rate structure simple and equitable for each party. A flat percentage commission based on gross sales is usually fair.

Once you have set your goals, you are now ready to write a Request for Proposal (RFP) which will assist the laundry vendors in preparing a comparative quote. In this RFP, include:

1. The previous 12-months' gross laundry revenue.
2. The type of machine preferred: front load or top load; coin or card operated; make and model of equipment.
3. The proposed vend pricing and length of time for the drying cycle. Will the vendor charge more for "hot" water or "heavier" loads?
4. Any collection "audit" feature required from the vendor.
5. Required vendor insurance coverage.
6. The type of commission payments desired; schedule of payment frequency; and the length of lease term.
7. Owner's right to be advised in writing of price increases and to reasonably accept or reject price increases.
8. Requirement of a service guarantee clause.
9. Request for a copy of the proposed vendor's lease upon proposal submission or attachment of your proposed lease contract.
10. Final date of bid acceptance and right to ask for additional vendor information.

Negotiating for new equipment and new terms is an excellent opportunity to get the highest-quality product for the best possible price—something that will please both owners and residents. NU

Scott G. Reithel, CPM, NAHP-e, CGPM, is Vice President-Property Management for Community Housing Partners in Richmond, Va.

Answers From Your Peers

Frequently asked questions about income limits

Q: Given the recession, why have income limits increased?

A: Although HUD uses the most recent data available concerning local area incomes, there is still a lag between when the data are collected and when the data are available for use. For example, FY 2011 income limits are calculated using 2005-2009 five-year American Community Survey (ACS) data. The effects of the latest recession on local area incomes are most likely to be detected in 2009, but this represents only 20 percent of the survey sample. In areas where there is sufficient sample for a one-year update, the 2009 data does generally show a decline in incomes. HUD has posted responses to frequently asked questions regarding the new income limits at www.huduser.org/portal/datasets/il/il11/faq_11.html#q12.

Q: Income limits have fallen in my area but haven't done so in the past. Why did this happen?

A: Beginning with FY 2010 income limits, HUD eliminated its long standing "hold harmless" policy. HUD's hold harmless policy maintained Section 8 income limits for certain areas at previously published levels when reductions would otherwise have resulted from changes in median family income (MFI) estimates, housing cost adjustment data, MFI update methodology, income limit methodology, or metropolitan area definitions. HUD eliminated the hold harmless policy to ensure better alignment between an area's most recent income experience and the income thresholds for housing assistance.

Furthermore, in an effort to minimize disruptions in the operation of the Section 8 Housing Choice Voucher program, HUD instituted maximum thresholds for the amount income limits can change from year to year. The new policy restricts annual increases in income limits to five percent, or twice the change in the national median family income, whichever is greater. For areas where income limits are decreasing, HUD limits the decrease to no more than five percent per year.

HOME rents, based in part on HUD Section 8 income limits, will continue to be held harmless, and income limits for rural housing programs will continue their current hold-harmless policy at the request of the Rural Housing Service (RHS), because these limits are based on area definitions and program rules specified by the RHS.

Q: Why does my very low income limit not equal 50 percent of my median family income (MFI) or my low-income limit not equal 80 percent of my MFI?

A: There are many exceptions to the arithmetic calculation of income limits. These include adjustments for high housing cost relative to income, the application of state nonmetropolitan income limits in low-income areas, and national maximums in high-income areas. These exceptions are detailed in the FY 2011 Income Limits Briefing Material report, which can be found at www.huduser.org/portal/datasets/il/il11/IncomeLimits-BriefingMaterial_FY11_v2.pdf.

When reviewing this report, pay special attention to Attachments 3 and 4 that list the exceptions for metropolitan areas. Also note that Tables 1 and 2 (beginning on page 7) show that most nonmetropolitan area income limits are based on state nonmetropolitan area medians. NU

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National Leader Appreciates New Challenges

NAHP: Wayne N. Fox, CPM NAHP-e, SHCM

MANAGEMENT COMPANY: Realty Management Associates, Inc.

POSITION: President and Chief Operating Officer

YEAR OF CERTIFICATION: 1994

Wayne N. Fox began his career in multifamily housing not long after he graduated from the City College of New York.

He was hired by Starrett Housing Corporation in New York to be a project manager for its subsidiary, Grenadier Realty. His portfolio of large, residential properties—both market rate and subsidized—covered all five boroughs of New York City.

Following his stint at Starrett, Fox accepted the position of Vice President with the National Corporation for Housing Partnerships of Washington, D.C. During his six-year tenure, Fox was responsible for more than $400 million of a diversified real estate portfolio. He headed up a staff of about 150 people responsible for all management, development, sales and acquisition of properties within his region.

In 1983 he started his own company as an affiliate of the Southern Kansas City Railroad, acquiring and syndicating properties as far west as Kansas City, as far south as Florida, and throughout the mid-Atlantic. In 1987 Fox separated his part of the business from the parent company to become Chief Executive Officer of Realty Management Associates, Inc.

"We do fee management of others' properties and also manage our own developments," he said. Serving as both president and chief operating officer, his company has developed several apartment and commercial properties. This includes site selection, land acquisition, selection of the professional team, construction planning and financing, and negotiations with general contractors.

"We do what we do very well and take pride in what we do," Fox said. "We have long relationships with a number of nonprofits we've worked with for many years."

Fox's commitment to affordable housing was affirmed when he was elected president of the Board of Directors of NAHMA in 2002 and served until 2004. He has also been active in the New Jersey AHMA (since many of his properties are there), and members of his staff belong to other AHMAs.

"These organizations are important because the industry has to have a voice," he said.

Fox is also the Chairman of the NAHMA Educational Foundation, which raises funds for residents of NAHMA-member properties to get scholarships for college or vocational training.

"I enjoy what I do," Fox said. "I like the business and interacting with people. Every day brings a new challenge." NU

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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