

NAHP Update

Making Rent Payments Matter Building Credit with the Credit Builders Alliance

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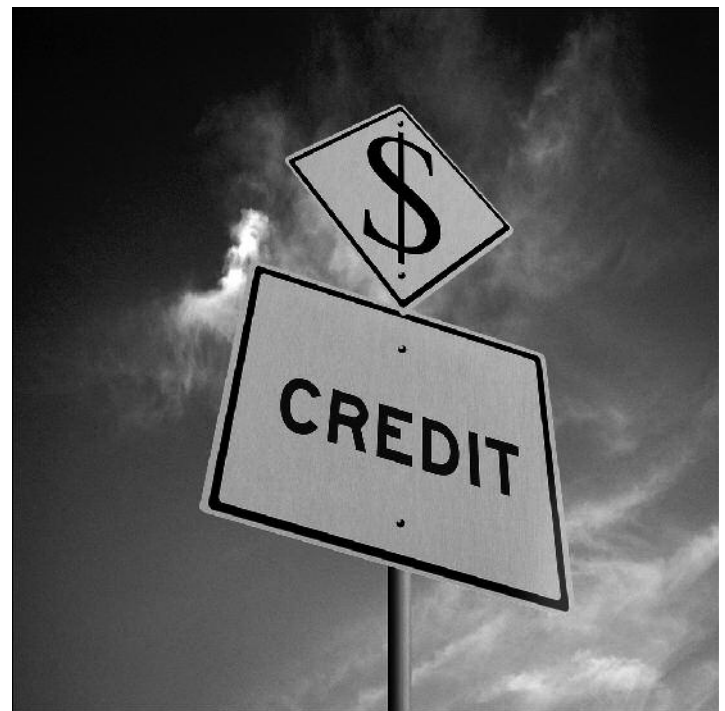
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Tonia pays her rent on time every month but doesn't have a credit score. Sound like one of your tenants?

Unlike homeowners, renters have not had the opportunity to build positive credit histories through their monthly housing payments. This is particularly troubling for low-income households. Of the estimated 100 million renters in the U.S., over half are low-income, and that number is growing. These renters are likely many of the 60 million consumers with thin or no credit files.

The Power of Rent Reporting is a new project of the non-profit Credit Builders Alliance (CBA) to help affordable housing landlords and property managers report rental payments to an established credit bureau, among other services. This creates an incentive for tenants to make more on-time payments and to build credit. CBA asks the affordable housing industry to harness the **Power of Rent Reporting!**

Over 100 affordable housing landlords representing over 500,000 resident households have already expressed interest in our **Power of Rent Reporting** project since it was



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announced this past summer. They are uniquely positioned to maximize the benefits of rent reporting by offering responsible reporting paired with relevant, timely credit and other financial education. As they move forward to rent report, affordable housing landlords will need the support of their property management partners.

CAN REPORTING RENT HELP BUILD CREDIT?

Responsible reporting of rental payment data finally offers

those who pay on time—the majority of tenants—an opportunity to benefit from the mainstream credit system. Recent studies conducted by the Political and Economic Research Council (PERC) show that including positive non-traditional credit payments such as rent can increase consumers' credit scores and access more affordable credit options.

PERC estimates this has a disproportionately positive impact on low-income and minority consumers as well as



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



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youth and seniors, because these consumers often have insufficient or no credit histories.

WHY IS CREDIT SO IMPORTANT ANYWAY?

Credit increasingly defines who will do business with consumers, and under what terms and conditions. When your tenants are “credit-poor”—with no or thin credit histories or low credit scores—it costs them, sometimes hundreds of dollars per month in higher interest and fees. This is money low-wealth households could use in more productive ways, including making rent payments, establishing emergency savings, preparing for college and retirement, purchasing needed insurance, lowering the cost of cell phone contracts, or even keeping the lights on.

WHAT ARE SOME OF THE OTHER OPPORTUNITIES OF RENT REPORTING?

Beyond helping tenants build

credit, rent reporting is a tool for affordable housing landlords and property managers to improve property portfolio performance by incentivizing more on-time payments.

Rent reporting can improve communication between property managers and tenants. Tenants who understand the benefits of rent reporting as a credit-building tool are more likely to view their property managers as trusted allies in their credit and other wealth-building efforts. As a result, tenants who face financial hardships that impede their ability to pay their rent on time may reach out to and work with their property managers before a payment is late to seek a mutually satisfactory solution.

Rent reporting is also an activity that can strengthen relationships between property management and resident services providers. Together they can support residents by

identifying easy, relevant and timely solutions for credit education design and delivery. For example, rent reporting messaging to residents can be embedded in existing property management and resident services touch points. These can range from late payment notices, lease signing and move-in orientations to eviction prevention interventions and self-sufficiency initiatives such as financial education classes and homeownership preparation programs, etc.

DOES RENT REPORTING PRESENT ANY CHALLENGES?

With every opportunity come challenges. Some in the affordable housing industry have raised concerns about the possibility of negative consequences for low-income tenants who struggle with issues beyond their control to pay their rent on time.

Working together through the **Power of Rent Reporting** pilot, CBA, affordable housing owners and property managers will thoughtfully and successfully address such issues and more, by identifying lessons learned and best practices to maximize positive impact for all parties involved.

WHY IS CBA INVESTING IN RENT REPORTING AS A TOOL FOR THE AFFORDABLE HOUSING INDUSTRY?

CBA’s mission is to create innovative solutions for non-profit and mission-driven organizations to help low- and moderate-income families

build strong credit and financial access in order to grow their businesses and/or personal assets. By definition, affordable housing owners and managers serve tenants living at or below area median income. Many of these tenants have little or poor credit histories, and as a result face additional barriers to financial stability. These can include susceptibility to predatory loans that trap them in cycles of debt, hefty utility deposits, higher insurance premiums, and employment denials that might otherwise present a pathway out of poverty.

CBA is excited to leverage its expertise, built over the past six years of helping hundreds of nonprofit and government agencies tackle similar credit reporting issues for low-income entrepreneurs and consumers, by rolling out the **Power of Rent Reporting**. CBA's experience providing technical assistance to responsible organizations, strong relationship with Experian, and support to affordable housing owners and managers will be a critical driver in helping them harness rent reporting as a credit building tool that aligns with both their mission- and business-driven interests.

HOW DOES RENT REPORTING WORK?

CBA is collaborating with Experian®, whose RentBureau database receives rental payment histories from property management companies and online rental payment services. Its database currently includes

more than nine million residents nationwide. Property management companies contribute their rental data to RentBureau directly and automatically from their property management software.

Experian® RentBureau® manages rental data in compliance with the Fair Credit Reporting Act (i.e., consumers may request free annual reports and dispute errors), works closely with each property manager to understand its particular business rules to ensure accurate data flow, and has created myriad educational materials to help rental-data furnishers meet their responsibilities and legal obligations, as well as educate their residents.

WHAT IS THE POWER OF RENT REPORTING PILOT?

With support from the Citi Foundation, CBA is excited to help affordable housing owners and property managers by providing technical assistance and a peer learning environment so they can successfully:

1. Report rent payments;
2. Educate residents on the benefits of rent reporting to build credit;
3. Evaluate the impact of rent reporting on property portfolio quality; and
4. Develop best practices in the affordable housing field around rent reporting.

In the next several months, CBA will select five affordable housing property owners committed to begin reporting in spring 2013, and to prepare an

additional 10 -20 to report by 2014. CBA is also partnering with national trade and consumer advocate networks to sensibly identify and address greater rent reporting opportunities—and challenges—from an industry-wide perspective.

WHO IS CREDIT BUILDERS ALLIANCE?

Founded in 2006, CBA is an innovative, nonprofit network of mission-driven nonprofit and state organizations helping low-income families and entrepreneurs and build strong credit as a pathway to building financial assets and wealth. CBA's theory of change is that good credit is an asset that can help underserved consumers achieve and maintain financial stability and security. Over 300 nonprofits, tribal entities, credit unions and government agencies, including affordable housing organizations, currently use CBA's award-winning credit building platform to:

- Successfully report consumer and small business loan and rental data to major consumer credit bureaus;
- Purchase low-cost credit reports for underwriting, financial education and outcome tracking; and
- Innovate and implement strategies to help clients build credit as an asset. **NU**

Sarah Chenven is Innovations Director for Credit Builders Alliance. To learn more about CBA or its Power of Rent Reporting project, please contact her at sarah@creditbuildersalliance.org or visit www.creditbuildersalliance.org.

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Your New Year's Resolution?

Learning from Sandy

In 2012 alone, we have seen disasters of all kinds, including Superstorm Sandy, Hurricane Isaac and many other wild weather events wreak havoc around the country. The storms disrupt routines, destroy homes and place further demands on the already-stretched pool of affordable housing units.

You may feel fatigued after the latest storm, but the truth is that these events are likely to continue. And when one or all of your residents are preparing for or recovering from a major storm or other event, property managers are inevitably on their short list of people to call.

So what can you do to ensure that you'll stay cool and compassionate under pressure—whether you manage a property with just three families or a complex with 300? And how can you make the time to prepare, when—like the folks in New Jersey and New York after Sandy—you may be strained just trying to help our residents adjust to “the new normal” when resources were already tight to begin with?

According to FEMA's website, The National Incident Management System (NIMS) defines preparedness as “a continuous cycle of planning,

organizing, training, equipping, exercising, evaluation, and taking corrective action in an effort to ensure effective coordination during incident response.” For those of you who manage properties, and particularly those who have experienced a flood, fire, or other disaster, it can be completely exhausting to contemplate the possibility of another major event just down the road.

Here are some steps you can take right now, today, to begin or continue the preparedness cycle for yourself and the properties you manage.

#1. START AT HOME

Do you have a personal emergency plan in place? You'll do a better job responding to residents' needs if you've made sure your own property and family are insured, stocked and ready for a crisis. Know where you and your family, friends and colleagues can turn to for support if you need it.

■ **Check your “readiness quotient.”** The “What's Your RQ?” online quiz takes just a minute or two to complete, then offers links to resources that might help you improve your score: www.whatsyourrq.org/test.shtml.

■ **Protect your family and property.** Here's FEMA's list of strategies: www.fema.gov/what-mitigation/plan-prepare.

■ **Don't forget your responsibility to your staff.** Write down comprehensive emergency plans and keep copies at home and in the office. Work with colleagues to be sure the office has a first aid kit, canned food and bottled water, and flashlights with extra batteries. And visit the Red Cross “Prepare Your Workplace” page for more tips: www.redcross.org/prepare/location/workplace.

#2. GET RESIDENTS INVOLVED

In an emergency situation there are limits to your authority; you can't force a resident to leave his or her home, for example. But you can do your best to build community and awareness among residents so they help one another access resources and make smart decisions in moments of crisis.

■ **Get familiar with CERT.** There are 1,100 different Community Engagement Response Teams across the country. The CERT Program trains people in basic disaster response skills so they can help their neighbors or coworkers after an event when professional responders are not immediately available. Visit www.citizencorps.gov/cert/ to find out if one exists in your area. A CERT leader might be just the person you or your residents should

call or text in a moment of crisis. Your residents also might be interested in forming a team themselves.

■ Plan ahead for September, National Preparedness Month.

Enlist some residents to get involved. If they explore www.cdc.gov/features/beready/, they can learn how to develop a family disaster plan, gather emergency supplies, learn how to shelter in place, understand quarantine and isolation, and maintain a healthy state of mind—and then train their neighbors on those topics, too.

■ **The public health perspective.** The National Association of City and County Health Officials (NACCHO) offers several toolkits related to public health, climate change and emergency preparedness, including resources on “Communicating the Health Risks of Extreme Heat,” “Decision Making in the Field During Disaster,” and an “Emergency Preparedness Checklist for Nursing Homes, Assisted Living Facilities, and Group Homes.” Visit www.naccho.org to access all these and more.

#3. FINDING WARM BEDS AND CLEANING THE MESS—BE A RESOURCE FOR YOUR RESIDENTS.

The more informed you are, the better equipped you'll be

to connect your residents to the resources they need.

■ **Know your contractors.**

Days after Superstorm Sandy, the NY State Division of Consumer Protection posted this warning online: “Beware of price gouging and home improvement, real estate appraisal and charity scams. There are unscrupulous business and scam artists who may try to take advantage of vulnerable storm victims ... in the aftermath of a disaster and in the rebuilding process.”

Take stock of the relationships you have with contractors. Do you have a reputable contractor on call? Is he or she someone you trust in an emergency? Would your residents feel comfortable working closely with them in the days and weeks following a fire or flood? If not, start building new relationships now. The Better Business Bureau’s Accredited Business Locator can help: www.bbb.org.

■ **Housing assistance.** And what if your residents can’t stay in their own homes and have nowhere else to go? From a “New York Times” article on Nov. 20: “Hurricane Sandy was a disaster without modern precedent for the city that, in one night, created a new homeless population of thousands. But longtime advocates for the homeless, and families repeatedly dislocated since the storm, say it exposed and worsened the city’s acute lack of affordable housing options.” Would this be true in your town or city? You may know this inside and out, but remember, you can always visit the U.S. Department of Housing and Urban Development website for a refresher:

www.hud.gov/info/disasterresources_dev.cfm.

#4. COMMUNICATION, COMMUNICATION, COMMUNICATION

If you suddenly had no access to power, internet, or phones connections, how would you stay in touch with your community? Avoid feeling blindsided or defeated by planning ahead for situations like this.

■ **Prepare documents and build relationships in advance.** The Southwest Housing Compliance Corporation offers a list of straightforward tips for community managers. Here’s a sampling; find the whole list at www.shcc-net.org/about/disasterprep.asp:

1. Identify families that may need special assistance in an evacuation.

2. Establish an emergency phone/text number and point of contact for your residents to get in touch with if they are forced to evacuate.

3. If your property is assisted or insured by HUD, know how to contact the HUD staffers acquainted with your complex and make sure they know how to contact you.

4. Make a plan for securing and transporting important management files.

■ **Know where to turn for reliable, up-to-the-minute updates.** Be sure you know the names of local leaders and organizations that might begin to compile information when you need it. And remain open to the surprising grassroots efforts that may prove helpful. And on that note...

■ **Dive into social media.** If disaster strikes your community, you can serve a critical

role as a connector, helping your residents to find the resources they need.

Knowing how to use sites like Twitter and Facebook will help you spread and find information quickly. They certainly aren’t perfect, especially when some of the neediest residents in a community may be left without power and internet service.

But in New York, for example, the grassroots group Occupy Sandy was able to mobilize volunteers in a swift and non-bureaucratic way, tweeting out locations where medics were needed and food donations could be dropped off. And when they created their Amazon.com “wedding registry,” making it easy for supporters to buy and ship supplies like clothing and diapers, social media helped to amplify the message to folks across the country.

Know how to use these tools yourself, so that even if your own power and internet are out, you can help craft messages for others to spread.

Preparing for emergencies may feel daunting, inconvenient or like an exercise in tempting fate. But the more you can get your own house and office in order, and the more you can connect and educate your residents about risks and resources, the better.

Why not make it your New Year’s resolution to stock up on canned goods, start a CERT with your residents, learn to tweet, or back up all of your key files in more than one place? Your life and the lives of your residents may depend on it. **NU**
Julia C. Smith is a freelance writer in Chicago.

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Appreciating Those Ever-Changing Rules

NAME: Haydee Leowardy, NAHP, CPO, FHC

POSITION: Steadfast Companies, Inc.

MANAGEMENT COMPANY: Compliance Manager

YEAR OF CERTIFICATION: 2007

Haydee Leowardy worked as a receptionist for just one year at a property management company in Orange, California, before she was asked to join its compliance department.

That company's director of

compliance must have seen in Leowardy the very qualities she finds necessary in the auditors she now manages for Steadfast Companies, Inc., where she has worked for the last 10 years.

"It takes people who are very organized, who do enjoy the reading and researching information," she said. As for herself, Leowardy enjoys all of that plus the way the rules are always changing: "It keeps you on your toes," she said.

Since its founding in 1994, Steadfast Companies has acquired, refurbished or developed over 20,000 apartment units; currently owns and/or operates more than 14,000 units

in 18 states; owns and operates four malls—two in California and two in Washington; owns and oversees the management of three resorts in Mexico; and maintains a strong interest in community outreach.

Leowardy works strictly in compliance for Steadfast's affordable multifamily portfolio, which consists of over 14,000 units in 106 developments across 21 states. She manages a team of six compliance auditors in the Irvine office and works in conjunction with her counterpart in the Portland, Oregon office.

When she began as an auditor, she was trained by the

director of compliance, attended courses and got involved with AHMA PSW. She was an auditor for eight years before being promoted to manager.

Leowardy is married and has a 15-year-old daughter. Like most people working in affordable housing, she barely has time for hobbies, but her daughter recently started playing golf, "so we started playing as a family," she said.

Leowardy credits her past supervisors and ready access to training through the AHMA and other resources as key to her success. "Compliance is something you really need to stay on top of," she said. **NU**

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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