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NAHMA Advocates on Behalf of Members with HUD

Alexandria, Va., April 2, 2015 — The National Affordable Housing Management Association (NAHMA) has filed comments with the Department of Housing and Urban Development (HUD) concerning proposed rules dealing with Management and Occupancy Reviews (MOR) and vacancy payments; streamlining regulations; and Section 202 and 811 programs.

In March, NAHMA filed comments in support of HUD's proposal to streamline MORs and the proposed MOR review schedule, but opposed HUD's plan to reduce vacancy payments. The agency published a proposed rule in January regarding streamlining MORs for Project-based Section 8 housing assistance payment (HAP) programs and amending vacancy payments for Section 8 and Section 162 housing assistance programs.

The proposed rule would amend Project-based Section 8 HAP program regulations by requiring MORs to be conducted according to a schedule set by HUD. The agency said that it is proposing the change in order to reduce the frequency of MORs, thereby minimizing interruptions in property operations created by on-site reviews, preserving staff time and reducing costs. NAHMA agrees that these proposed regulatory changes are necessary to provide consistency across programs and allow HUD the flexibility to set a schedule that is more in-line with the needs of the programs.

The schedule would tie the project's annual MOR rating with HUD's new risk-based asset management model classification to determine the frequency of a project's MOR. NAHMA supports this proposal. Nonetheless, it urged HUD to go a step further by using the physical inspection regulations cited in the proposed rule as a model for writing a permanent schedule that will permit MORs within 36 months, 24 months or 12 months of the last review.

However, NAHMA strongly opposed HUD's proposed changes to vacancy payment regulations for Section 8 HAP programs and the Section 162 Project Assistance Contract (PAC) projects. The proposed rule would permit owners to receive vacancy payments for 80 percent of the contract rent for only the first 30 days of a vacancy, rather than the current 60 days of a vacancy. Existing HAP and PAC contracts would not be pre-empted, but future renewal contracts would reflect this requirement. Owners would still be able to apply for additional debt-service vacancy payments for up to 12 months after receiving the first 30 days of vacancy payments at 80 percent of the contract rent. NAHMA is concerned that HUD has proposed this change without fully understanding the impact it will have on affected properties and that the proposed rule could effectively penalize owners/agents who lose rent in the course of following HUD's occupancy rules or other local PHA or governmental requirements.

Also in March, NAHMA expressed its support of HUD's efforts to streamline the administrative regulations for some of its affordable housing programs; however, the association has concerns about

the proposed changes as they pertain to the Multifamily Housing and Housing Choice Voucher (HCV) programs. Specifically, NAHMA has apprehensions about the proposed option to define annual income as *either* actual past income *or* projected income, the annual re-examination of families on fixed incomes and the start of assisted tenancy.

The proposed rule would allow public housing agencies (PHAs) and multifamily housing owners to use either actual past income or projected income when defining annual income. The actual past income would be based on amounts received prior to admission or the annual re-examination effective date. It would also exclude the additional step of projecting income from this information. PHAs would be required to apply the same definition to all families in their HCV or public housing programs, as would multifamily owners for all the families in a single property.

NAHMA said this proposal would be difficult to implement as currently written. For example, the proposed rule may inadvertently set owners up for noncompliance by requiring use of projected income if the tenant requests that definition of annual income. The preamble states, "... the PHA or owner must use projected income if the family makes a request (for example the family may have experienced a decrease in income that would result in a lower family payment than would be calculated if income is defined as actual past income)." Under this scenario, it would appear an owner who was using past actual income would be in noncompliance by using the projected income.

The association said this issue can be addressed with some simple clarifications. The option to use actual past income is appealing because it would help facilitate an alternative income verification policy requested by NAHMA. Our members support using information from tax returns as one of the easiest ways to verify income.

Early this year, NAHMA submitted comments to HUD regarding a proposed rule for the Section 202 and 811 programs "Supportive Housing and Services for the Elderly and Persons with Disabilities: Implementing Statutory Reforms" issued in October.

The association's comments addressed several aspects including service coordinators in multifamily housing and assisted living conversion programs, loans for housing for the elderly and persons with disabilities and the proposed regulatory language found in the notice. NAHMA raised concerns over purported savings figures, asked for clarity in some of the language and drew attention to inconsistencies.

NAHMA's complete comments on these issues can be found in the [HUD section](#) of the NAHMA Agencies Web page at www.nahma.org. Look for more information on the association's comments and ways members can participate in grassroots advocacy in the March/April edition of *NAHMA News* available later this month.

For more information regarding NAHMA's government affairs and grassroots campaigns, contact Scott McMillen, manager, government affairs, 703-683-8630, ext. 116 or scott.mcmillen@nahma.org.

NAHMA is the leading voice for affordable housing management, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing. NAHMA supports legislative and regulatory policy that promotes the development and preservation of decent and safe affordable housing, is a vital resource for technical education and information and fosters strategic relations between government and industry. Founded in 1990, NAHMA's membership today

includes the industry's most distinguished multifamily owners and management companies. Visit www.nahma.org for more information.

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