NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

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PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

A Busy Year for Congress; Still Work To Do

With the 116th Congress halfway over and a busy election year ahead, here are some congressional efforts concerning affordable housing programs that should be on everyone's radar.

TAX CREDITS

One of the most important bills this congressional cycle is the Affordable Housing Credit Improvement Act, a strong bipartisan effort to expand and improve the housing credit program. The housing credit allocation authority would be expanded by 50%, and the bill would provide a minimum 4% housing credit rate for the acquisition of affordable housing and for multifamily housing bond-financed developments. Other improvements include creating incentives for projects that target homeless or extremely low-income individuals and families; allowing Low-Income Housing Tax Credit (LIHTC) properties to claim clean energy credits such as the Energy Efficient New Homes Credit; aligning the student rule more closely with the Department of Housing and Urban Development (HUD) regulations; and more. Lead bill sponsor Sen. Maria Cantwell (D-WA) has worked across the aisle to build support for the legislation.

One of the most important bills this congressional cycle is the Affordable Housing Credit Improvement Act, a strong bipartisan effort to expand and improve the housing credit program.

In addition to the closely-watched Affordable Housing Credit Improvement Act, Congress has introduced tax-related housing bills aimed at preventing the premature loss of affordable housing by repealing the qualified contract option, and establishing tax credits for renters who pay more than 30% of their income for housing.

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BY KRIS COOK, CAE

Much to Celebrate

IN A YEAR DOMINATED BY POLITICAL intrigue, NAHMA can shine a light on some good news.

CELEBRATING SUCCESSES

As in years past, we do start out our year on a high note: announcing the winners of the 2019 Communities of Quality Awards program and the 2019 NAHMA Industry and AHMA Awards. Even in the midst of these challenging financial times, affordable housing managers, owners and developers are doing an outstanding job in creating safe, quality homes for the nation's less fortunate. You can read about all of these remarkable communities and leaders in this issue of *NAHMA News*; please see the articles on Page 16 and 27.

Additionally, the application for the 2020 Vanguard Award is available online and is due June 5. For more information about the awards or to download an application, visit the Vanguard Award webpage under the Awards & Contests tab at www.nahma.org.

MAKING A DIFFERENCE IN 2020

One of our greatest wishes for the new year is that you will see 2020 as the year you have your voice heard in both houses of Congress. Nothing matters more to elected officials, whether in the District of Columbia or at the local and regional levels, than hearing from a constituent. Call, write, email—do whatever you can to make sure your voice is raised in support of affordable housing.

Congress is turning its attention to fiscal year 2021 appropriations. So, we are asking our members to continue to reach out to their elected U.S. Congress members, and their staff, on behalf of the Affordable Housing Credit Improvement Act, which strengthens and expands the LIHTC program, see Larry Keys' Washington Update on Page 9 for more information on the 2020 outlook.

One of our greatest wishes for the new year is that you will see 2020 as the year you have your voice heard in both houses of Congress.

SUPPORTING EDUCATION

Through the generous support of NAHMA members, the NAHMA Educational Foundation was able to award 109 scholarships totaling $272,500 to worthy student residents from AHMA-affiliated communities. Now entering its 14th year, the program has awarded in excess of $1,685,000 over the life of the program.

Additionally, the NAHMA Educational Foundation held its annual gala in October at the Newseum in Washington, D.C., and raised more than $420,000 for the foundation's scholarship program.

To see a complete list of the 2019 Education Foundation supporters, please see Page 26.

Also, we ask that you help us spread the word about the scholarship program to your residents. The scholarship application is now available on online, see Page 28 for more information. **NN**

Kris Cook, CAE, is executive director of NAHMA.

As the law currently stands, owners of housing credit properties are permitted to pursue a qualified contract, which most often results in the ability for properties to convert to market rate after just 15 years. The Save Affordable Housing Act would prevent the premature loss of affordable housing and ensure that housing credit properties remain affordable for at least 30 years by repealing the qualified contract option. The bill was introduced by Sens. Ron Wyden (D-OR) and Todd Young (R-IN), as well as Reps. Joe Neguse (D-CO), Don Beyer (D-VA) and Jackie Walorski (R-IN).

INFRASTRUCTURE AND INVESTMENTS

Because annual appropriations for federal housing programs have not kept pace with demand, lawmakers from both chambers have called for strong investments in housing as a public good, much like bridges, roads and other types of infrastructure.

In order to address the shortage of affordable homes across the country, Sen. Kamala Harris (D-CA) and Rep. Maxine Waters (D-CA) have introduced a number of bills to combat homelessness and build new affordable units.

The Housing is Infrastructure Act and the Ending Homelessness Act both call for billions of dollars in federal investments in critical housing programs, such as the Public Housing Capital Fund, the National Housing Trust, the HOME program and the Rural Multifamily Preservation and Revitalization Demonstration. Separately, Sen. Bernie Sanders (I-VT) and Rep. Alexandria Ocasio-Cortez (D-NY) have called for a 10-year investment effort to sustainably retrofit the nation's public housing stock through the Green New Deal for Public Housing Act.

In early March 2019, the House Ways and Means Committee held a hearing titled *Our Nation's Crumbling Infrastructure and the Need for Immediate Action*. Chairman Richard Neal (D-MA), noted in his opening remarks that "we must reinvest in our urban and rural communities through successful programs like the Low-Income Housing Tax Credit and New Markets Tax Credit."

A similar housing focused infrastructure hearing was also held in late April by the House Financial Services Committee. The hearing, *Housing in America: Assessing the Infrastructure Needs of America's Housing Stock*, focused on Chairwoman Waters' draft legislation. In order to evaluate and quantify how the affordable housing crisis impacts life outcomes and increases costs for non-housing programs at the federal, state and local levels, Sen. Young and Rep. Scott Peters (D-CA) introduced the Task Force on the Impact of the Affordable Housing Crisis Act. The task force would also make recommendations to Congress on how to use affordable housing to improve the effectiveness of other federal programs.

> The housing credit allocation authority would be expanded by 50%, and the bill would provide a minimum 4% housing credit rate for the acquisition of affordable housing and for multifamily housing bond-financed developments.

OPPORTUNITY

Lawmakers this congressional cycle have taken a two-fold approach to growing economic mobility for disadvantaged communities: invest more public and private dollars into struggling communities, and increase options for low-income renters to move to higher opportunity areas.

Congress enacted bipartisan "Opportunity Zone" legislation in late 2017 to incentivize private investment in locally designated, income qualified areas through preferential tax treatment. However, the tax benefit currently requires little reporting, making any positive impacts on housing difficult to gauge. Sen. Tim Scott (R-SC), the original Opportunity Zone legislation sponsor, is now aiming to expand accountability and transparency in the tax benefit by requiring information on Opportunity Fund investments, including descriptions, amounts and dates of the investments made.

Early in the 116th Congress, Rep. Emanuel Cleaver (D-MO) and former Rep. Sean Duffy (R-WI) introduced legislation aimed at helping Housing Choice Voucher holders access higher opportunity neighborhoods and meet their mobility goals. The Housing Choice Voucher Mobility Demonstration Act pairs with funding enacted by the recent appropriations bill to establish a mobility demonstration program with Public Housing Authorities (PHAs). Participating PHAs could use the demonstration funding to provide mobility counseling services or rent deposits for transitioning households. The bill passed the House floor in March 2019, and Sen. Young has introduced companion legislation in the Senate.

In late 2019, Sens. Chris Van Hollen (D-MD) and Young also introduced the Family Stability and Opportunity Vouchers Act, which would create 500,000 additional vouchers designed for low-income pregnant women and families with children under age 6 to expand access to high performing schools and job markets.

FAIR HOUSING

Reauthorizing housing protections for domestic violence survivors remains a

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key issue for Congress, as well as expanding Fair Housing protections and preventing evictions.

Following the lapse of the Violence Against Women Act (VAWA) in February 2019, lawmakers introduced various bills to reauthorize protections for domestic violence survivors while adding significant new housing requirements. The housing industry has continued to follow current VAWA requirements in the meantime.

In the House of Representatives' proposed reauthorization, new provisions include adjusting resident screening requirements, expanding emergency transfer requirements, expanding requirements regarding early termination of assistance, and expanding access to Tenant Protection Vouchers for domestic violence survivors. The legislation passed the House in April 2019.

After stalled efforts to reach a bipartisan compromise in the Senate, both Sens. Dianne Feinstein (D-CA) and Joni Ernst (R-IA) introduced separate VAWA bills in November. Although approaching the issue differently, both bills create a designated housing voucher pool to protect victims of violence living in assisted housing, address the issue of residents not in good standing, and define the role of federal preferences for emergency transfer applications.

With significant media attention paid recently to eviction rates across the country, lawmakers have proposed various approaches to study and prevent evictions, including in federally subsidized housing. One such bill, the Evictions Crisis Act introduced by Sens. Rob Portman (R-OH) and Michael Bennet (D-CO) in December 2019, creates a national database to standardize data and track evictions and promotes the use of landlord-tenant community courts. Notably, the bill also establishes an Emergency Assistance Fund to provide financial assistance and housing stability-related services to eviction-vulnerable residents.

A number of bills in the 116th Congress have targeted the Fair Housing Act, including the Landlord Accountability Act of 2019 introduced by Rep. Nydia Velazquez (D-NY) and the Fair Housing Improvement Act of 2019 introduced by Rep. Peters and Sen. Tim Kaine (D-VA). The bills aim to increase Fair Housing Act protections for categories such as source of income, veteran status, gender identity, sexual orientation and marital status.

In April 2019, the House Financial Services Committee held a hearing, *The Fair Housing Act: Reviewing Efforts to Eliminate Discrimination and Promote Opportunity in Housing,* which touched on a range of Fair Housing topics including immigration, discrimination in the housing market, zoning laws, the state of the LGBTQ community in homeless shelters and assisted housing, and sexual harassment.

RURAL AND TRIBAL HOUSING

In early April 2019, the House Financial Services Committee's Subcommittee on Housing, Community Development, and Insurance held its first hearing in the 116th Congress on the federal response to the affordable housing crisis in rural America. This hearing focused on rural preservation, specifically the maturing mortgage crisis of prepayment and maturation of Section 515 Rural Rental Housing Loans and Section 514 Farm Labor Housing Loans. The hearing also focused on proposals for addressing the risk of displacement of rural residents. Panelists testified about affordable housing challenges for rural communities related to homelessness, rental housing and homeownership.

With rural America facing a maturing mortgage crisis on affordable properties, Rep. William Lacy Clay (D-MO) introduced a bill to permanently authorize the Department of Agriculture's Multifamily Housing Preservation and Revitalization Program, which has accumulated significant backlog. The bill would also allow decoupling of Rental Assistance from the term of the mortgage and authorize vouchers for residents after a mortgage matures, is prepaid or is foreclosed.

Besides targeting existing resources toward rural and tribal areas, another approach is to expand application of the currently limited 10-20-30 allocation formula, which requires that a minimum of 10% of funds from certain federal programs go to communities with "persistent" poverty, defined as a county where the poverty level has been 20% or higher over the past 30 years, often rural and tribal in nature.

Lastly, the Tribal HUD-VASH Act seeks to combat homelessness and improve support services for Native American veterans through a joint tribal housing initiative between HUD and the Veterans Affairs Supportive Housing (VASH) program. Despite high numbers of Native American veterans, less than 5% of federally recognized tribes have received VASH during HUD's current Tribal HUD-VASH demonstration.

HOMELESSNESS

In early February 2019, the House Financial Services Committee convened a hearing called *Homelessness in America: Examining the Crisis and Solutions to End Homelessness*. It focused on both the causes of and solutions to homelessness, and many panel members testified on the importance of addressing housing affordability issues as a critical homelessness prevention tool. During the hearing, the committee heard testimony from a variety of housing practitioners regarding federal policy, veterans' homelessness and work programs. The experts emphasized the need for more data and a coordinated federal effort to prevent and address homelessness.

AGENCY HANDLING OF GOVERNMENT SHUTDOWN

In February 2019, a congressional committee heard testimony from top leadership at HUD regarding the more than 1,100 contracts that were allowed to expire during the lapse in federal funding in the preceding two months. The House Appropriations Subcommittee on Transportation, Housing, and Urban Developments (THUD) called the hearing *HUD's Management of Housing Contracts During the Shutdown*.

NAHMA members and residents from across the country were thrown into uncertainty when approximately 1,150 housing contracts in HUD's Project-Based Rental Assistance and Sections 202/811 housing for the elderly and people with disabilities programs were not renewed during the 35-day partial government shutdown that ended on Jan. 25, 2019. If available, many affected owners and managers utilized reserve funding—set aside for critical repairs, such as winter heating systems—to cover regular costs while receiving limited communication from the agency on how to proceed.

HUD OVERSIGHT

In late May last year, the House Financial Services Committee held a hearing *Housing in America: Oversight of the U.S. Department of Housing and Urban Development*. HUD Secretary Ben Carson was the only witness and testified on a range of housing policies and HUD programs, including the administration's proposed budget cuts to the department, proposed rent reforms to rental assistance programs, housing finance reform, delays providing disaster recovery funding, and HUD's recent proposed rule on mixed-status immigrant families. Throughout the hearing, Carson had heated exchanges about his leadership and responded to harsh criticism from the committee's Democratic members.

HOUSING FINANCE REFORM

Last spring, the House Financial Services Subcommittee on Consumer Protection and Financial Institutions held a hearing to examine the Community Reinvestment Act (CRA) and its impact on discrimination and the effect of redlining, the systematic refusal by some lending institutions or insurance companies to issue mortgage loans or insurance on property in certain neighborhoods regarded by them as deteriorating. The hearing focused on how to strengthen the CRA to ensure neglected communities are served. Panelists testified on the importance of the CRA as a civil rights law while acknowledging that existing loopholes and the rise of excluded non-bank lenders and financial technology have weakened the legislation.

In late September, the Senate Banking Committee held a hearing titled *Housing Finance Reform: Next Steps*. During the hearing, the committee heard testimony from HUD Secretary Carson, Treasury Secretary Steven Mnuchin and Federal Housing Finance Agency Director Mark Calabria. Lawmakers pressed the administration on Fannie Mae's and Freddie Mac's roles in preserving housing affordability, including through affordable housing goals, investments in rural and tribal areas, a sustained right to housing, and mortgage access. The witnesses defended efforts to "de-risk" the housing finance market in their respective plans, which include releasing Fannie and Freddie from conservatorship and replacing affordable housing goals with fee assessments.

AFFORDABLE HOUSING ACCESS AND SAFETY

In late November, the Senate Banking, Housing, and Urban Affairs Committee held a hearing titled *Examining Bipartisan Bills to Promote Affordable Housing Access and Safety*. During the hearing, lawmakers heard testimony from witnesses regarding three affordable housing bills:

- The CO ALERTS Act (S.2160), which would require carbon monoxide detectors in federally assisted units with carbon monoxide risk.
- The HUD Manufactured Housing Modernization Act (S.1804), which would direct HUD to issue guidelines relating to the appropriate inclusion of residential manufactured homes in Consolidated Plans.
- The Fostering Stable Housing Opportunities Act (H.R.4300), which would target housing assistance at youth aging out of the foster care system.

The hearing also highlighted the benefits of the LIHTC program and opportunities to strengthen it.

HUD PHYSICAL INSPECTIONS

In late November, the House Financial Services Subcommittee on Housing, Community Development, and Insurance held a legislative hearing titled *Safe and Decent? Examining the Current State Residents' Health and Safety in HUD Housing*. The purpose of the hearing was to explore the issues contributing to unsafe living conditions for HUD residents in public housing and Section 8 assistance programs, and explore potential solutions. **NN**

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BY LARRY KEYS JR.

Reviewing 2019 and a Look Forward to 2020

A LOOK BACK

2019 proved to be a busy year at the Department of Housing and Urban Development (HUD) and Department of Agriculture (USDA)'s Rural Housing Service (RHS). The agencies each published a list of 2019 accomplishments. As provided on their respective websites, HUD has achieved the following advancements under the leadership of Secretary Ben Carson:

- Submitted a Housing Finance Reform Plan to the president.
- Oversaw the production or preservation of over 2.6 million insured and assisted multifamily rental units and provided over $4.3 billion in insurance for hospitals and residential care facilities in fiscal year (FY) 2019.
- Proposed revisions to HUD's 2013 Disparate Impact Regulation to provide clarity for plaintiffs and defendants in disparate impact cases.
- Collaborated across the executive branch to establish the White House Council on Eliminating Regulatory Barriers to Affordable Housing.
- Preserved affordable housing options by improving over 17,000 public housing units in FY 2019 through the Rental Assistance Demonstration (RAD) program. Additionally, HUD expanded the RAD conversion process to include supportive housing properties for very low-income elderly persons.
- Expanded the Low-Income Housing Tax Credit pilot program for multifamily properties to include new construction and substantial rehabilitation to stimulate greater capital investment in affordable housing, including housing in Opportunity Zones.
- Implemented program incentives for lenders intending to build or refinance multifamily properties, hospitals and residential care facilities located in Opportunity Zones.

According to its website, USDA highlighted the following major accomplishments and investments in the nation's rural businesses and communities:

- Committed $600 million in 2019 to support rural broadband expansion through the ReConnect Pilot Program.
- Invested $788 million in loans and grants that funded 783 essential community facilities such as rural hospitals, educational institutions and public safety facilities. These investments will benefit more than 11 million rural residents.
- Provided more than 99,000 homeownership loan guarantees to low- and moderate-income families in rural areas in all 50 states, Guam, Puerto Rico and the U.S. Virgin Islands.

LEGISLATIVE OUTLOOK

In any election year, lawmakers tend to spend most of their time in their home states with a focus on reelection campaigns. NAHMA does not expect to see much legislative action from Congress. President Donald Trump will send his FY 2021 budget to Congress and outline the administration's priorities in early February. Congress will likely develop its own spending bills in the summer. NAHMA will continue to focus its advocacy efforts against any harmful cuts and pursue additional investment for affordable housing programs.

In addition to funding, NAHMA will be ready to advocate for expansion of the housing credit program. Specifically, NAHMA and its industry colleagues with the ACTION Campaign almost got a permanent 4% housing credit rate included in the final FY 2020 tax package in late December 2019. Ultimately, the final negotiations between congressional leadership and the White House did not include the 4% rate and other provisions from the Affordable Housing Credit Improvement Act. If Congress pursues infrastructure legislation in 2020, this may present an opportunity to try to get those provisions incorporated. The affordable housing industry continues to make a strong case that housing is infrastructure.

REGULATORY OUTLOOK

In the final year of any presidential term, NAHMA members can expect to see a flurry of regulatory action from both HUD, USDA-RHS and other regulatory agencies. NAHMA will be advocating for the following regulatory items to be prioritized:

- NSPIRE Demonstration-physical inspection protocols (HUD)
- LIHTC Compliance Monitoring Regulations (Treasury-IRS)
- Fair Housing Regulations on Disparate Impact, Affirmatively Furthering Fair Housing, and guidance on service animals (HUD)
- Streamlining the HUD Management and Occupancy Review (HUD)
- Electronic Signature Guidance for Multifamily Assisted Housing Industry Partners (HUD)
- 2019 Multifamily Preservation and Revitalization Demonstration Notice of Solicitation of Applications (USDA-RHS)
- Streamline development process for USDA-RHS and the Low-Income Housing Tax Credit projects (USDA-RHS)
- Preservation and Risk-Ranking of the RHS portfolio (USDA-RHS) **NN**

Larry Keys Jr. is director of government affairs for NAHMA.

BY BETH MULLEN

2019 Year-End Tax Planning Considerations for Developers

ELECTING REAL PROPERTY TRADE OR BUSINESS?

Last year at this time we were all scrambling to fully understand the impact of the Tax Cuts and Jobs Act on Low-Income Housing Tax Credit (LIHTC) deals. The most important decision to be made with respect to the 2018 tax return was to make the real property trade or business (RPTOB) election or not. Recall that the RPTOB election allows the property owner to fully deduct interest expense but requires that real property be depreciated using the Alternative Depreciation System (ADS). The election is irrevocable so if it was made on the 2018 tax return, no further action is necessary on the 2019 return.

This does leave open the question for entities that did not make an election last year. For owners that are placing LIHTC buildings in service in 2019, the decision is easy. The regular depreciation life for residential real property is 27.5 years and the ADS life is 30 years, so the RPTOB election can be made with a very minimal impact on expected tax benefits. Owners with properties placed in service prior to 2018 may want to consider the election this year if the circumstances have changed from last year. In addition, the Internal Revenue Service (IRS) is expected to put out additional guidance related to the interest expense limitation and we'll be tracking that guidance closely.

MEETING YOUR 50% TEST

Tax exempt bond financed deals always need to make sure they are meeting the 50% test in the year that owners expect to start to claim tax credits. The deals that commonly face this challenge are deals that are completing construction near year-end or those that may be using the tax-exempt bonds as only permanent financing. It is critical to draw a sufficient amount of bonds to meet the test before the end of the year. There are only a few weeks left before year-end so take a moment now to be sure that the 50% test is going to be met…. Bonds drawn in January or February next year don't help you meet the test for 2019.

> Tax exempt bond financed deals always need to make sure they are meeting the 50% test in the year that owners expect to start to claim tax credits.

UNDERSTAND YOUR TAX CREDIT EQUITY ADJUSTERS

There are many varieties of tax credit adjusters. The most common are based on the total amount of tax credits delivered and the amount of tax credit delivered in the first year. The actions that owners take now, as well as those that have been taken since buildings were completed and rented up, can have a tremendous impact on these adjusters. Know how many credits have been promised to the investor by looking at your partnership or operating agreement. In many cases, your investors have been in contact with you, requesting information on building completion and qualified occupancy. They use this information to provide an estimate of expected tax credits to the fund investors. Even with updated information, estimates can go astray.

The first-year credit is founded on the eligible basis of the building at the end of the year and the qualified occupancy for each full month in the year that the building is in service. In most cases, an owner will not want to start taking credits on a building unless the construction is substantially complete. That's because the eligible basis is locked in at the end of the first year of the credit period. The owner may decide to start credits on a building if it has more eligible basis than is necessary to support the tax credit allocation.

The planning tip is to complete construction on buildings, especially in a multi-building project. You don't want to be 85% complete on 10 buildings—it would be better to be 100% complete on eight buildings and 50% complete on the other two.

The second part of the first-year credit calculation is the qualified occupancy for each full month that the building is in service. The placed-in-service date for a newly constructed building for purposes of IRC Section 42 is the date that the first unit in the building is suitable for occupancy. The definition of placed-in-service for a building that is occupied at acquisition, and through rehabilitation, is based on the date of acquisition. To determine the occupancy to be used for the first-year credit calculation, look at the number of full months that the building is in ser-

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vice as well as the qualified occupancy at the end of each of those months. For new construction buildings placed in service after Dec. 1 of this year, no credits can be claimed in 2019. For a building that is occupied during its rehabilitation, you need to look at the number of full months in the year from the date of acquisition.

Finally the goal is to get buildings fully rented at their target occupancy level by the end of the year. If the plan is to start credits in 2019, and the building is to be 100% low-income, it is crucial to get the building fully rented to avoid a 2/3 credit on the units that are unrented as of Dec. 31. The 2/3 credits are available over the remaining compliance period. Therefore, you will never get the full amount of the credit on those unrented units, and this could result in an equity credit adjuster.

Once all these pieces have been pulled together, credits have to be calculated for the draft tax return that is usually due to the investor sometime between late January and early March. If the cost certification is not final, the eligible basis needs to be estimated.

Investors require the best possible calculations by the deadlines prescribed in the partnership agreement, so it is important to try to finalize the cost certification. If this is not possible due to construction completion that is close to year-end or due to other issues, work with your CohnReznick advisor to get as close as possible to the final expected eligible basis. This process can start now. It is much easier to handle these estimates now rather than in the height of tax season.

Tax losses including depreciation are also an important component of the expected investor benefits. In cases where the depreciation is being estimated for the draft tax return, a sound estimate of personal property and depreciable land improvements is necessary. Step one may be to understand what the investor is expecting by looking at the financial projections that are often attached to the partnership or operating agreement. Also the projection may show if bonus depreciation is expected. Sometimes a cost segregation study is planned to maximize the amount of depreciable property that is classified as a 5- or 15-year asset. Alternatively using the construction cost line item breakdown from the final construction draw accompanied by an appropriate allocation of soft costs is a common approach to determine the depreciable basis. In every case the syndicator or investor is expecting that estimated losses on a draft tax return will be close to the results on the return that is ultimately filed.

IS THERE A LOSS REALLOCATION IN YOUR DEAL'S FUTURE?

A loss reallocation during the tax credit period could initiate a reallocation of tax credits that results in a tax credit equity adjuster. Situations that can lead to allocation issues include:

- Construction overruns that were paid for with related party debt
- Development fees that are being paid more slowly than projected
- General partners or other partners with substantial capital accounts
- Deals that have operating deficits

The reallocation usually occurs when the limited partner's tax capital account gets to zero….

There are several possible remedies and it is best to start working on them now.

One solution is having the limited partner execute a deficit restoration obligation (DRO). In simple terms the DRO allows a partner's capital account to go negative as long as that partner agrees to put capital into the deal upon liquidation of the partnership if the capital account is still negative. Often a limited partner is not interested in contributing additional capital so the DRO is not the most common solution to a loss and credit reallocation situation. New IRS regulations finalized in October have made some changes to what is required to have the DRO respected.

The basic requirements for an acceptable DRO are as follows:

- There are commercially reasonable provisions to enforce the DRO if it comes due
- The partner must provide commercially reasonable documentation to the partnership indicating its ability to perform on the DRO
- The obligation does not end or can't be terminated prior to the liquidation of the partner's interest in the partnership or while the partner's capital is negative, and
- The terms of the DRO are provided to all partners in a timely manner

If you have partnerships or LLCs with existing DROs, you will want to review those documents now to be sure they comply with these new requirements. You will also want to identify situations where a DRO is needed for the 2019 return. A DRO is usually part of the partnership agreement and must be in place not later than the original due date of the partnership return (March 15 for a calendar year-end entity).

8609S AND AMENDED RETURNS

Form 8609 is the Low-Income Housing Credit Allocation and Certification obtained from the state tax credit

Form 8609 is the Low-Income Housing Credit Allocation and Certification obtained from the state tax credit agency indicating the final amount of the LIHTC available for each building in a project.

agency indicating the final amount of the LIHTC available for each building in a project. The state provides the form after reviewing the final cost certification and other documents that the owner is required to provide in accordance the Qualified Allocation Plan. Having the Form 8609s from the state is a requirement to claim the LIHTC as indicated on the instructions to Form 8609-A Annual Statement for Low-Income Housing Credit. If an owner plans to claim the LIHTC on the 2019 tax return, it must have the 8609s by the extended due date of the return (Sept. 15 for a calendar year-end entity). The owner will usually estimate the amount of the credits on the draft return provided to the fund or investor in the spring, and if the 8609s have not been received by the extended due date, the LIHTCs will not be included on the return filed. For partnership returns prior to 2018, the partnership return would be amended to add the LIHTCs when the 8609s were received. The rules for amending partnership tax returns have changed beginning in 2018.

The Bipartisan Budget Act (BBA) of 2015 changed the centralized audit regime for partnerships including the process for amending returns beginning with the 2018 tax year. The process requires filing an Administrative Adjustment Request (AAR) in addition to providing various statements to the IRS and the partners of the partnership. The form of the statements has not yet been finalized, though draft Form 8985 Pass-Through Statement—Transmittal/Partnership Adjustment Tracking Report and Form 8986 Partner's Share of Adjustment(s) to Partnership-Related Items(s) are available. The new process appears to be complicated, so owners should do everything in their power to get the Form 8609s from the state agency by the extended due date of the partnership return. **NN**

Beth Mullen is CohnReznick's Affordable Housing Industry Leader and a member of the firm's Project Finance and Consulting team. She has more than 30 years of experience providing consulting, tax, and accounting services to real estate owners and developers in the housing and community development industry.

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Omnibus Bill Avoids Government Shutdown

In late December, Congress completed the fiscal year (FY) 2020 appropriations process, passing two major spending packages in both chambers. President Donald Trump signed the legislation before the Dec. 20 midnight deadline to fund the government and prevent a second shutdown in 2019. Overall, the funding levels for both the departments of Housing and Urban Development (HUD) and Agriculture (USDA) are positive and maintain funding increases from FY 2019, despite both agencies facing significant cuts proposed in the administration's FY 2020 budget request and the threat of yearlong continuing resolutions.

Overall, the funding levels for both the departments of Housing and Urban Development (HUD) and Agriculture (USDA) are positive and maintain funding increases from FY 2019, despite both agencies facing significant cuts proposed in the administration's FY 2020 budget request and the threat of yearlong continuing resolutions.

For HUD, the FY 2020 bill provides $56.5 billion, a $2.7 billion increase from last fiscal year, and over $12 billion more than the administration's FY 2020 request.

For USDA Rural Development, the FY 2020 bill provides mostly the same funding with some increases to preserve rural housing. In providing increased funding, Congress sustained its rejection of the administration's proposed rent reforms to HUD's rental assistance programs. Congress also continued rejecting the administration's proposed elimination of several key affordable housing programs, including the Public Housing Capital Fund, Housing Trust Fund, HOME, Community Development Block Grant (CDBG), Choice Neighborhoods and the U.S. Interagency Council on Homelessness.

HUD'S AFFORDABLE HOUSING PROGRAMS

The FY 2020 omnibus provides increased funding levels for nearly all of HUD's affordable housing and community development programs. After industrywide opposition to the president's budget request for this fiscal year, which had proposed funding levels insufficient to renew Section 8 contracts and eliminated funding for certain community development programs, NAHMA welcomes the much-needed boost for Project-Based Rental Assistance (PBRA) and other programs.

The omnibus bill provides $12.57 billion for PBRA, an increase over FY 2019 that is sufficient to renew all contracts. The bill provides $345 million for Performance-Based Contract Administration (PBCA) oversight. NAHMA continues to monitor the PBCA process closely and expects updates from HUD in early 2020.

The omnibus spending bill provides $23.87 billion for tenant-based rental assistance—or Housing Choice Vouchers—an increase over FY 2019 enacted levels and significantly more

Housing and Urban Development
Fiscal Year 2020 Appropriations Act

	Last Year (FY 2019)	FY 2020 Enacted (Current)
Tenant-Based Rental Assistance	$22,598	$23,874
Contract Renewals	$20, 313	$21.502
Project-Based Rental Assistance	$11,747	$12,570
Housing for the Elderly (Section 202)	$678	$793
Capital Advance	$51	$90
Service Coordinators	$90	$100
Home Modifications—Aging in Place	$10	$10
Supportive Housing for Persons with Disabilities (Section 811)	$184	$202
Capital Advance	$30	$40
Community Development Grant	$3,365	$3,400
HOME	$1,250	$1,350

FIGURES EXPRESSED IN MILLIONS

than requested by the administration. The increased funding provides $21.50 billion for voucher renewals. The bill continues to provide funds for a new "Family Mobility Demonstration." This includes $25 million to implement a voucher mobility demonstration program: $20 million to support Public Housing Agency programs designed to empower families to successfully move to, and remain in, lower poverty areas and up to $5 million for incremental housing vouchers for families with children that participate in the demonstration.

HUD Section 202, Housing for the Elderly, receives $793 million, an increase over FY 2019 enacted levels. The bill provides $90 million for new capital advances and project-based rental assistance contracts, up to $100 million for service coordinators and the continuation of existing congregate service grants, and $10 million for the new aging in place home modification grant program. NAHMA and industry partners continue to advocate for each of these improvements to the 202 program.

Similar to Section 202, HUD Section 811 receives new capital advance funding totaling $40 million under the omnibus bill. Overall, the program funding is increased to $202 million in FY 2020 from $184 million in FY 2019.

After being targeted for elimination under the president's FY 2020 budget request, both the HOME and CDBG programs received slight increases under the omnibus spending bill. Funding for HOME is $1.35 billion, and the funding for the Community Development Fund is $3.40 billion.

USDA Rural Development
Fiscal Year 2020 Appropriations Act

	Last Year (FY 2019)	FY 2020 Enacted (Current)
Section 521 Rental Assistance	$1,331	$1,375
Section 515 Rental Housing Direct Loans	$40	$40
Multifamily Revitalization	$51.5	$60
Preservation Demonstration	$24.5	$28
Section 542 Rural Housing Vouchers	$27	$32
Section 538 Loan Guarantee	$230	$230

FIGURES EXPRESSED IN MILLIONS

USDA'S RURAL HOUSING PROGRAMS

In the FY 2020 omnibus, some of USDA's rural housing programs also see an increase over fiscal year 2019 enacted levels. The funding levels are sufficient to renew existing affordable housing contracts.

The omnibus bill provides $1.38 billion for the Section 521 Rental Assistance (RA) program, which represents a slight increase from the previous year.

Lawmakers continue to pay attention to the impending number of Section 515 properties that are reaching their mortgage maturity dates. The omnibus maintains the $40 million funding level from last year's enacted level. The bill allows owners of USDA-financed rental properties (Section 514 and Section 515) to request RA agreements (Section 521) with terms of 20 years rather than one year; the funding for longer contracts will still be subject to annual appropriations.

Despite the administration's request to zero out funding for the Multifamily Revitalization Program, the omnibus bill provides a slight increase to the program. The new total funding level of $60 million maintains $28 million for the Preservation Demonstration, while funding for Rural Housing Vouchers is increased to $32 million.

Lastly, the Section 538 Loan Guarantee remains flat at $230 million.

OUTLOOK FOR FISCAL YEAR 2020

Although behind schedule and only narrowly avoiding another devastating government shutdown, the FY 2020 omnibus bill represents a clear victory for affordable housing.

The upcoming election year will present new challenges, as it is the last year of the 116th Congress and the final year of the Trump administration's first term. NAHMA members are asked to continue to advocate for funding above the FY 2020 enacted levels for the next fiscal year (FY) 2021, which begins Oct. 1, 2020. NAHMA will keep members updated as funding negotiations unfold throughout the summer and early fall. **NN**

COMMUNITIES OF QUALITY

HIGHLIGHTING THE BEST COMMUNITIES

NAHMA is pleased to announce that three communities won four 2019 Communities of Quality (COQ) Awards this year. Since 1992, these awards have honored the best multifamily affordable housing communities across the country.

Entrants are judged on how they manage the physical, financial and social conditions of their properties, and on how well they convey their success in offering the highest quality of life for their residents.

The 2019 COQ Awards will be presented March 9 during NAHMA's Biannual Top Issues in Affordable Housing winter conference in Washington, D.C. For details on the NAHMA meeting, visit https://www.nahma.org/meetings/.

"There is no other award that focuses so comprehensively on the everyday life and management expertise of affordable housing properties," NAHMA Executive Director Kris Cook, CAE, said.

This year's COQ Awards program is once again jointly sponsored by HD Supply Multifamily Solutions, a leading supplier of maintenance and renovation products to the multihousing industry, and Navigate Affordable Housing Partners, a leading provider of consulting and development services to public housing authorities and the Department of Housing and Urban Development (HUD) Section 8 project-based contract administrator (PBCA) for several states.

NAHMA congratulates the winners. For a more detailed description of each property, visit the COQ Awards Program webpage at www.nahma.org.

EXEMPLARY FAMILY DEVELOPMENT

Castle Square Apartments
Boston, Mass.

OWNER: CSTO WINN OWNER LLC
MANAGEMENT: WINNRESIDENTIAL
AHMA: NEAHMA

Castle Square Apartments, a mixed-use mixed-income development located in Boston's South End neighborhood, is a 500-unit community that's home to more than 1,300 residents and eight local businesses.

The community consists of one-, two-, three- and four-bedroom units. Of the 500 units, 450 are project- based Section 8 serving families as well as elderly and residents with disabilities, and 50 are market rate. There are also 18 commercial spaces, totaling 36,750 square feet, which are occupied by tenants including a fitness studio, a doughnut shop and a hardware store.

Originally constructed in 1968, conditions at Castle Square Apartments had deteriorated badly by 1990, when the HUD HOPE program gave the residents of low- and moderate-income housing the chance to become owners.

Capitalizing on the HOPE program, the Castle Square Tenants Organization (CSTO) joined forces with WinnCompanies in 1992 to form a partnership that made the CSTO the property's 51% owner.

The joint venture invested \$50 million into renovations of the property and implemented an array of resident service programs, making the Castle Square Apartments the single most successful HOPE development and winner of multiple industry awards.

Additionally, the partnership of

> “There is no other award that focuses so comprehensively on the everyday life and management expertise of affordable housing properties.”
>
> —NAHMA EXECUTIVE DIRECTOR, KRIS COOK, CAE

WinnCompanies and CSTO helped to empower the residents of Castle Square to become more self-sufficient, creating lasting collaborations with nonprofit service providers, community organizations and advocacy groups to deliver innovative programs, interventions and high-impact solutions including computer laboratories and repair services, literacy and wellness services, year-round youth programs, media literacy training and workforce readiness training, resident field trips, arts and cultural exploratory programs, senior activities and adult literacy programming.

ABOVE: **Castle Square Apartments**

EXEMPLARY DEVELOPMENT FOR THE ELDERLY

Neilson Villa
Santa Monica, Calif.

OWNER: NEILSON VILLA
MANAGEMENT COMPANY: GK MANAGEMENT COMPANY INC.
AHMA: AHMA-PSW

Neilson Villa is a 100-unit three-story elevator-serviced building featuring affordable one-bedroom apartments that caters to residents over 62 years of age and residents with disabilities. The community has been professionally managed by GK Management Co. Inc. since it opened in July 1977.

One of the features of Neilson Villa that makes it such a special community is its location in Santa Monica, Calif. It occupies a prime location just steps away from Santa Monica Beach and is

CLOCKWISE FROM BOTTOM LEFT: Santa Barbara Village; Neilson Villa; Neilson Villa community room; Santa Barbara Village exterior.

a five-minute trek from the famous Venice Boardwalk.

The owners of Neilson Villa have made long-term commitments to preserve the affordability of the community. Neilson Villa's Project-Based Section 8 Housing Assistance Payments Contract with HUD that covers 20 units was renewed under the Mark-to-Market Renewal provisions for the maximum term of 20 years. The Section 8 Project-Based Voucher Contract with the city of Santa Monica that covers 79 units was amended this year to extend the length of the initial term from 15 years to 20 years based on the Implementation Guidance in Housing Opportunity Through Modernization Act of 2016. In addition, the owners of Neilson Villa have agreed to maintain the low-income affordability of the community by executing a Regulatory Agreement with the city of Santa Monica that expires Oct. 1, 2072. Neilson Villa has also collaborated with the city of Santa Monica to establish an affordability reserve totaling $1,700,000.

During the past several years, in collaboration with the city of Santa Monica, Neilson Villa has completed capital improvements totaling more than $1,000,000.

The residents of Neilson Villa participate in a variety of classes such as tai chi, yoga, dancing exercise and fitness, computer, and English as a Second Language, to keep healthy, fit and active, both mentally and physically. During the past year, the Neilson Villa residents enjoyed field trips to San Diego, Santa Barbara, the Los Angeles Zoo and Botanical Gardens, the Ronald Reagan Library, whale watching and the Shen Yen Performing Arts. The residents are able to explore their creative side by taking painting and craft classes, and they were able to showcase their talents at the Arts & Crafts Show that took place at Neilson Villa in May 2019. Neilson Villa also sponsored a fashion show, which was very well received by the residents.

As noted in the letter of support from the housing manager for the city of Santa Monica, "the wide-ranging programs and activities provided through Neilson Villa's Senior Program enhance the quality of life of the residents at the property."

EXEMPLARY DEVELOPMENT FOR RESIDENTS WITH SPECIAL NEEDS AND EXEMPLARY DEVELOPMENT FOR SINGLE ROOM OCCUPANCY HOUSING

Santa Barbara Village
Cape Coral, Fla.

OWNER: GOODWILL INDUSTRIES OF SOUTHWEST FLORIDA INC.

MANAGEMENT COMPANY: THE COLUMBIA PROPERTY GROUP

AHMA: SAHMA

Santa Barbara Village is a garden-style group home located in the heart of Cape Coral, Fla. It is owned by Goodwill Industries of Southwest Florida Inc. and is managed by The Columbia Property Group. The property itself is 18 years old and has 10 single-room units and two two-bedroom units. This property is in a quiet little neighborhood where the residents look out for and help one another. The property houses elderly residents with disabilities as well as families with children.

The property is doing very well financially as its reserves are fully funded, rent is 100% collected, there are no vacancies, and it scored a 98A on its last REAC inspection. The property is very

well maintained and the grounds are beautiful.

The residents are offered many amenities through the owner, Goodwill Industries, such as a Meals on Wheels program, medical and dental services, activities including dancing, games and billiards. They also have library visits, computer classes, discussion groups and assistance with accessing transportation. Over time, the residents have formed very close friendships and "they look out for one another in a way that is very rare of our society today," commented a member of the community management team.

The staff that works at the property plays a huge role in making this a great place for the residents. The community manager has received the Excellence in Management designation by SAHMA. Along with the occupancy specialist, they assist the residents with everything they need from assisting in setting up appointments, helping with their annual recertifications or just listening to them.

The property also has a great maintenance staff as evidenced by the fact that the maintenance manager has also received the Excellence in Maintenance designation by SAHMA. He and his team respond to calls immediately to ensure the residents can live independently and in a safe environment.

One of the residents wrote in a letter, "The apartments are in great condition which reflect the time and attention put forth by maintenance which is excellent. I feel very content in this community. Finally, I would like to highlight the attention provided by [the occupancy specialist], of which I have received kindness, solutions to problems, etc." **NN**

HUD Report Finds RAD Successful

When the Rental Assistance Demonstration (RAD) program was launched in 2012, Congress mandated that the Department of Housing and Urban Development (HUD) evaluate its impact "on the preservation and improvement of public housing, the amount of private sector leveraging as a result of such conversion, and the effect of such conversion on tenants." In HUD's recently published *Final Report: Evaluation of HUD's Rental Assistance Demonstration (RAD)*, the department finds that the physical and financial condition of RAD converted properties has improved. The report states, "RAD supports the preservation of affordable housing by improving the physical and financial conditions of public housing …. More importantly, the majority of tenants surveyed have confirmed that the physical condition of their units and their developments was better after a RAD conversion."

ABOUT RAD

RAD allows public housing authorities (PHAs) to apply to HUD to convert their public housing stock to a Section 8 platform, either Project-Based Voucher (PBV) or Project-Based Rental Assistance contract (PBRA). This conversion allows PHAs to address their housing stock's capital needs and preserve affordable housing over the long term, along with protecting residents' rights and enhancing mobility opportunities. In regards to conversion, the report states, "by leveraging their projects' PBV or PBRA subsidies after conversion, PHAs can finance debt and access other external funds; those funds could include grants and private-sector equity investment, including investment through Low-Income Housing Tax Credits and other tax credits or incentives."

PHAs can then use those funds, in conjunction with internal resources structured as grants or "soft loans," to recapitalize, rehabilitate or replace projects. Some properties use RAD for repositioning onto a new regulatory platform, often funding replacement reserves for future rehabilitation costs. Other projects use RAD to pay for upfront construction expenses to rehabilitate existing buildings or, in the case of new construction, to demolish dilapidated structures and build new ones in their place. In some circumstances, the PHA can transfer the Section 8 contract to a different property, a process that HUD calls a Transfer of Assistance.

Congress initially capped the amount of RAD conversions at 60,000; however it has raised the unit cap multiple times. Today, RAD conversions are capped at 455,000 units. This demonstrates the success of the program. As of October 2018, the report finds "over 100,000 units of public housing have been converted to the Section 8 platform under RAD and over $12.6 billion was raised, with significant leverage, from numerous sources to improve the physical and financial condition of properties, which would have otherwise continued to decline."

KEY FINDINGS

HUD's report provides substantial evidence that RAD is allowing PHAs to leverage financing, improve the physical and financial condition of properties, and mitigate negative impacts on residents from development and rehabilitation of units.

- **Resident Relocation and Conversion Satisfaction**: The report finds that RAD conversions have not lead to displacement of residents from their housing. As part of the evaluation, HUD surveyed 298 residents at 18 RAD converting properties. The report finds that over 75% of residents who responded to the survey were living in their original unit after completion of the RAD conversion; 63% did not move at all; an additional 18% of respondents ended up in a different unit at the same property, and other households moved to new rent-assisted properties under RAD's transfer of assistance authority.
- **Leveraging Financing**: HUD's report finds that RAD has been very successful at attracting capital to stabilize and improve public housing. From November 2011 to October 2018, the report finds a total of 956 public housing projects with 103,268 units of public housing converted to Project-Based Section 8 or Project-Based Vouchers. In total, $12.6 billion of capital was raised to convert these projects, with an average of $121,747 per unit.
- **Improving the Physical and Financial Condition of Properties:** HUD selected and sampled 17 properties to be representative of RAD conversions. The report finds that the properties in the RAD sample "improved their physical condition, as measured by a reduction in their short-term and critical capital needs. On average, the sample projects had per-unit short-term needs of $12,981 before conversion and $4,608 afterwards—a 65% reduction. A comparison sample of non-RAD projects over the same period had, on average, $3,740 in short-term needs before conversion and $8,710

To read the full report, visit https://www.huduser.gov/portal/publications/RAD-Evaluation-Final-Report.html.

afterwards—a 133% increase. After conversion, the RAD projects studied have substantially lower critical needs (deficiencies concerning health, life, and safety such as accessibility deficiencies, structural defects, asbestos or lead-based paint)."

HUD's evaluation also collected financial statements from a sample of 18 RAD projects—pre- and post-conversions—and 46 non-RAD projects. HUD finds that "financial indicators show that the liquidity and viability of RAD projects improved after conversion, while these indicators deteriorated for the non-RAD properties over the same period."

Replacement reserves are an important indicator of a property's long-term viability. Based on a sample of 18 RAD projects, the reports finds the median replacement reserve account balance was $240,000 and "at 3.63 times the average recommended replacement reserve balance, these figures indicate that the RAD properties are operating consistent with real estate asset management best practices, building reserves so that they will be able to address major future capital needs when they come due."

NEXT STEPS

In the November Stakeholder HUDdle: Public-Private Partnerships, HUD leadership indicated the next steps of evaluating RAD also focus on resident mobility and asset portfolio management. NAHMA members will also be focused on the implementation of RAD for PRAC properties, in hopes it will have similar preservation success. NAHMA will continue to advocate to Congress for lifting the RAD cap. In addition to success stories, members can utilize this RAD evaluation to state their case to lawmakers that RAD is a success. **NN**

NAHMA Urges Treasury to Withdraw LIHTC Compliance Monitoring Amendments

IN JANUARY, NAHMA SUBMITTED COMMENTS to the Department of Treasury for consideration in examining the impacts of recent amendments to Low-Income Housing Credit (LIHTC) compliance monitoring regulations, published Feb. 26, 2019 (RIN 1545–BL39). The association strongly urged the agency to rescind the adjustments put forth last year with regard to reasonable notice and minimum sample size.

The letter, sent to the Treasury assistant secretary for tax policy and the IRS deputy commissioner for services and enforcement, said, "As property owners and managers, NAHMA members understand the agency's efforts to strongly incentivize portfolio compliance, but strongly disagree with the newly imposed method for achieving it. As anticipated in our communication to you on May 3, 2019, NAHMA has learned that as these final housing credit compliance-monitoring regulations have been incorporated into state Qualified Allocation Plans, they have resulted in significant logistical and feasibility challenges for housing managers and residents."

In particular, the letter stated, the compliance monitoring amendments shorten the reasonable notice for physical inspections and income certifications to 15 days, which creates a hardship for property owners and agents, residents and inspectors.

Additionally, the letter said the amendments adjust the minimum sample size of units for inspection in housing credit properties, resulting in a significantly higher sample size for some LIHTC communities. Finally, according to the letter, the "all buildings" rule only exacerbates the additional burden created by the new regulations, without adding to the quality of the resident experience in LIHTC communities.

"NAHMA members have experienced, as a result of the compressed reasonable notice period, a breakdown of the logistical and financial feasibility of managing LIHTC properties, as well as a breakdown of the crucial elements of trust and collaboration between state housing agencies and the owners and operators of affordable housing. NAHMA also believes that, as more states implement the compliance monitoring amendments, the regulations will create hardship for residents and will further erode the confidence and integrity of the agency's physical inspections and file reviews as a tool for assessing the state of the portfolio," the letter said.

The association urged the agency to withdraw the amendments put forth last year with regard to reasonable notice and minimum sample size, and to reopen the regulations for public comment. Specifically, the association recommended:

- **The agency should reinstate the previous, temporary regulation that allowed the lesser of 20% of the total number of low-income units or the minimum unit sample size set forth in the LIHTC Minimum Unit Sample Size Reference Chart need to be inspected.**
- **The agency should direct any shortened inspection notices to troubled properties with a history of noncompliance, while providing extended notice periods for high performing properties as an incentive for consistently positive behavior.**
- **The agency should reverse its "all buildings" rule for inspections, allowing inspectors to instead apply the minimum sample size on a projectwide basis, across a community with common ownership and financing, regardless of the number of separate buildings. NN**

Protecting the Rural Housing Portfolio

Across the country, rural communities are at a heightened risk of losing access to affordable housing. As rural affordable housing projects exit federal programs, Congress, federal agencies and the housing industry have begun ramping up preservation efforts. There are several current approaches underway—through industry research, federal legislation and agency guidance—to protect and expand the rural affordable housing portfolio for residents, owners and managers.

MATURING MORTGAGE CRISIS

The U.S. Department of Agriculture (USDA) maintains an affordable multifamily housing portfolio of roughly 14,000 properties nationwide. In addition to subsidizing rents for very low- to moderate-income households through rental assistance, USDA's Rural Development (RD) Rural Housing Service program supports affordable rental housing through loans, guarantees and grants.

USDA began making its first Rural Rental Housing loans in 1963. Rural Development's Section 515 30-year loans can be amortized for up to 50 years, and depending on when the loan originated, may be able to be paid off in advance (i.e., leave the program early). Once the Section 515 loan obligation is fulfilled, the property is no longer required to maintain its affordability, defined as serving households with incomes below a certain percentage of the area median, and limiting resident rent contributions to 30% of their income. Additionally, residents living in the property also lose access to USDA's Section 521 Project-Based Rental Assistance.

Many of these existing loans will reach maturity in the coming years, resulting in a crisis level loss of affordable units unless property participation in the program is preserved or new units are financed at a faster rate.

Rural communities are especially vulnerable to housing instability. With just over 400,000 housing units in the USDA rural multifamily portfolio, every unit matters.

The average resident household income in Section 515 properties was $13,600 as of 2016, and HUD's annual worst case needs report found one in every four very low-income rural renters to be extremely cost burdened and/or inadequately housed, and not receiving federal housing assistance.

Many of these loans will reach maturity in the coming years, resulting in a crisis level loss of affordable units unless property participation in the program is preserved or new units are financed at a faster rate. Rural communities are especially vulnerable to housing instability. With just over 400,000 housing units in the USDA rural multifamily portfolio, every unit matters.

The affordable housing industry, including NAHMA and its partners, have been monitoring the maturing mortgage crisis closely. In fact, the Housing Assistance Council (HAC) recently analyzed USDA's calculated loan maturity, or property exit dates, for Section 515 properties, projecting a significant increase in property loss beginning in the next decade and peaking in 2040.

In order to protect affordable housing for rural communities and incentivize property owner participation, NAHMA and its industry colleagues have worked with both lawmakers in Congress and agency staff at USDA to promote portfolio preservation and expansion.

CONGRESSIONAL APPROACHES

In recent congressional cycles, lawmakers have turned their attention to the issue of rural housing portfolio preservation in a number of ways, defining portfolio preservation as rehabilitating an aging property or maintaining the property's affordability for low-income residents, or both.

Most notably, key lawmakers have reintroduced a set of bills called the Rural Housing Preservation Act (S.2567) in the Senate, introduced by Sens. Jeanne Shaheen from New Hampshire and Tina Smith from Minnesota; and the Strategy and Investment in Rural Housing Preservation Act (H.R.3620) in the House, introduced by Reps. Lacy Clay and Emanuel Cleaver, both from Missouri. The bills each propose a number of important adjustments to promote portfolio preservation and protect rural residents:

- Permanently authorize the Multifamily Preservation and Revitalization (MPR) demonstration program, which restructures loans for existing Rural Rental Housing to allow for capital improvements and extended participation in the federal affordable housing programs;
- Decouple Section 521 rental assistance from the term of the Section 515 mortgage, offering residents Project-Based

Rental Assistance even after the property's mortgage has matured; and

- Expand the Section 542 voucher program, which provides vouchers to residents in properties where the USDA-financed mortgages were prepaid and the project is no longer maintained as affordable.

The House bill further authorizes $1 billion to carry out the MPR program, which would help clear substantial backlog in this key preservation demonstration program. The bill also requires USDA to come up with a plan for the preservation of rural multifamily housing backed by USDA loans, and establishes an advisory committee to advise USDA in implementing this plan.

H.R.3620 passed the House this year with substantial bipartisan support, signaling congressional momentum to address rural housing issues.

Congressional appropriators have also provided annual funding for USDA's MPR demonstration, in addition to Rural Development's permanent housing programs. The fiscal year (FY) 2020 USDA funding bill, which was finalized in late 2019, saw a significant increase for both the MPR demonstration and the Section 542 vouchers.

The FY 2020 appropriations bill also includes the following key preservation provisions:

- Renewed incentives for nonprofits and PHAs to purchase and preserve rural properties;
- An option for property owners to request 20-year contracts for the Section 521 Rental Assistance agreements, instead of the current one-year contracts, subject to annual appropriations; and
- Funding for agency provided technical assistance to facilitate acquisition and preservation of multifamily properties.

Because of urgent mortgage maturity and property capital needs, most activity related to the USDA's Section 515 program is used for preservation of the existing portfolio. A new agency mechanism or specific capital appropriations set-aside for new construction of federally subsidized rural housing units may need to be established by Congress in order to address the housing needs of rural communities without sacrificing preservation efforts.

AGENCY EFFORTS

In recent years, leadership and staffing changes at the USDA have brought new approaches to the rural affordable housing challenges.

After years of backlog building up in the MPR program, the agency has said that it will focus on clearing the current application pipeline. Additionally, agency staff will apply a more comprehensive portfolio prioritization strategy to its preservation activities based on portfolio risk factors and attempt to level the playing field while addressing the most dire preservation needs first.

Moreover, the agency staff has said it will look closer at the kinds of issues NAHMA members have reported when working with RD financing and the Low-Income Housing Tax Credit program. For example, the agency staff has said it will look into simplifying owner/manager forms where possible, as well as reissue guidance for owners regarding options for handling a maturing mortgage.

Lastly, in order to address the challenges of the rural affordable housing portfolio, agency staff has said it is looking at innovative approaches to rental assistance and avenues for new construction funding. The department has also been working to realign its multifamily housing staffing structure.

Protecting, expanding and streamlining the rural affordable housing portfolio is a key priority for NAHMA. **NN**

Nominate Your Community for the Vanguard Awards

THE DEADLINE FOR NOMINATING a property for one of NAHMA's 2020 Affordable Housing Vanguard Award is June 5. The application can be downloaded from the Vanguard Award webpage, www.nahma.org/awards-contests/vanguard-award.

The Vanguard Award recognizes new, quality multifamily affordable housing development. The award pays tribute to developers of high-quality affordable housing; demonstrates that exceptional new affordable housing is available across the country; demonstrates the creativity and innovation that must be present to create exceptional properties given the financing and other challenges to development; highlights results of private-public partnerships required to develop today's affordable housing; and shares ideas for unique design and financing mechanisms with industry practitioners to further stimulate creative development in the affordable multifamily industry.

"The Vanguard Award complements NAHMA's Communities of Quality (COQ) National Recognition Program, through which multifamily properties are certified as having achieved a high standard of excellence in the way they are managed, the services they provide residents, the experience and training of personnel, and other criteria," said Kris Cook, CAE, executive director of NAHMA. "The Vanguard Award was created to honor communities that are too new to meet the qualifications for the COQ program. As the properties mature, they will become eligible—and will be encouraged—to enter NAHMA's COQ National Recognition Program."

The Vanguard Award Categories include:

New Construction, two subcategories: more than 100 units and under 100 units; Major Rehabilitation of an Existing Rental Housing Community; Major Rehabilitation of a Nonhousing Structure into Affordable Rental Housing; and Major Rehabilitation of a Historic Structure into Affordable Rental Housing

Who May Apply: **Affordable multifamily housing communities that are less than 3 years old—as of June 5, 2020—may apply, based on date of completion of new construction or completion of major rehab. Please note: A management company may submit only one entry for each category.**

Where and When to Apply: **Applications and information about entry fees, judging criteria, the benefits of winning an award and more is on NAHMA's website at nahma.org. Click on Vanguard Award Overview.**

The Awards Ceremony: **Winners of the Affordable Housing Vanguard Awards will be recognized at an awards ceremony at the NAHMA fall meeting in Washington, D.C., Oct. 25-27.**

Thank You to NAHMA Educational Foundation Supporters

The NAHMA Educational Foundation thanks its generous supporters of 2019. Their contributions benefit postsecondary school scholarships to residents of NAHMA- and AHMA-member properties.

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Mark Morgan, The Michaels Organization
Gemi Ozdemir, Dauby O'Connor & Zaleski LLC
PennDel AHMA
Darlene Perrone, Beacon Communities LLC
SAHMA
Gustavo Sapiurka, RealPage Inc.
Steve Sorkin, Restoration Affiliates LLC
Tim Zaleski, McCormack Baron Management Inc.

SUPPORTER

ANNUAL GIFTS OF $2,001–$5,000

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Sandra Cipollone, Michaels Management
Mike Coco, Choice Property Resources Inc.
Michael Cummings, Southwest Housing Compliance Corporation
Amber Day, TrashPro
Melissa Fish-Crane, Peabody Properties Inc.
Carole Glodney, GK Management Co. Inc.
Haddon Heights Senior Citizens Housing Corp.
Michael Johnson, Alco Management Inc.
Jose Mascorro, Prospera Housing Community Services
Monica McGrath, PRD Management Inc.
Karin McGrath Dunn, PRD Management Inc.
Parsippany Troy Hills
Debbie Piltch, Maloney Properties Inc.
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Rocky AHMA
Samuel M. Rotter, MMS Group
Karen Thomas, National Housing Compliance
Lisa Tunick
Lisa Tunick, Tunick Law
Gwen Volk, Gwen Volk INFOCUS Inc.
Eileen Wirth, The Octavia Hill Association Inc.

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AHMA East Texas
Amy Albery, Wallick Communities
Spencer Anderson, United Marketing Inc.
Anonymous, Network for Good
Lisa Beffa, McCormack Baron Management Inc.
Margaret Bessette, Quantum Real Estate Management LLC, AMO
Jamie Borodin, National Tenant Network
Jasmine Borrego, TELACU Residential Management Inc.
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Lenny DelVecchio, ARS Restoration Specialists
Nancy Evans, CSI Support & Development
Jeff Eynon, CRG Residential
Rue Fox, ResMan Software
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Eddie Garrett, McGriff Insurance Services
Tom Gerundo, Navigate Affordable Housing Partners
Andrew Goldberg, Restore Core
Dimitri Hatzifotinos
Maxx Hofmann, Conner Strong & Buckelew
Nancy Hogan, Beacon Communities LLC
Mattie James, Essex Plaza Management
David Joyner, Trinity Development & Management
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Robin Meyer, Westminster Company
Brent Monachino, Sherwin-Williams
Brenda Moser, NAHMA
Fern Mullen, Corcoran Management Company
NEAHMA
Scott Nelson, RealPage Inc.
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Jeanmarie O'Brien, Corcoran Management Company
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Patrick Patterson, Viridian Management
Jeff Peterson, Buyers Access
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Lori Reisinger, Bremerton Housing Authority CMS
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Jennifer Rogers, The Housing Company
Lori Russell, RealPage Inc.
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Michael Simmons, Community Realty Management Inc.
Diane Smith, CSI Support & Development Services
Heather Staggs, S.T.A.R. Momentum Compliance Consulting Inc.
Alicia Stoermer Clark, Seldin Company
Beth Stolts, Alco Management
Seth Strongin, Seth D. Strongin CPA, PC
Steve Sweeney
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John Yang, RentalHousingDeals.com Inc.

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USI understands the importance of tax credits for affordable housing management companies to operate successfully.

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Policy Highlights

To meet the growing needs of affordable housing markets, our tax credit coverage includes:

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- Up to $5,000,000 General Aggregate limits
- Claims Made form to protect against retroactive tax credit loss exposures
- Broad definition of professional services covered including residential, commercial, retail, or industrial property management and construction management
- Coverage for ownership of properties in excess of 25%
- First Dollar Defense coverage
- Third Party Discrimination coverage
- Definition of employees includes Independent Contractors
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- Affordable Housing
- Senior Housing
- Coastal Locations
- Developers

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ed.goesel@usi.com | 312.766.2028 | 847.867.5551 (cell)

USI®

Affordable Housing's Best Take Center Stage

NAHMA announces the winners of its annual Industry and AHMA Awards, which will be presented during its Biannual Top Issues in Affordable Housing winter conference, March 8-10, in Washington, D.C. The list of award winners includes both individuals and organizations whose professionalism, dedication and accomplishments in assuring quality housing for low-income Americans raises the standards of the multifamily affordable housing industry. More detailed descriptions of award winners will be provided in the March-April issue of *NAHMA News*.

NAHMA INDUSTRY STATESMAN AWARDS: CAROLE GLODNEY AND STEVE HENDERSON

Given annually to NAHMA Executive Council members who are either in or nearing retirement, in recognition of many years of outstanding leadership and service to NAHMA.

Carole Glodney, SHCM, NAHP-e, president of GK Management Co. Inc., has more than 45 years of experience in the affordable housing industry, and during that time Glodney has devoted herself to the company, as well as to every housing owner, resident and organization she has ever worked with. Her drive and compassion to preserve affordable housing and enhance the quality of life of the residents has allowed her to become a strong advocate in the industry. Not only has she displayed her leadership and talents in the industry, but she has also exhibited an uncanny ability to connect with everyone she meets.

Steve Henderson, NAHP-e, formerly chief operating officer of Prospera Housing Community Services, began his career in the affordable housing industry in 1990, and after 28 years, he retired at the end of 2018. Henderson's background was in finance, but after a promotion to the operational side of things, he was able to expand his expertise beyond spreadsheets and numbers, and focus on the people he worked with and the residents they served. He also gave back to the industry by serving on several committees and on the boards of directors for both SWAHMA and NAHMA.

NAHMA INDUSTRY ACHIEVEMENT AWARD: DAVID JOYNER, AMY ALBERY, PETER LEWIS AND LISA TUNICK

Given annually to a NAHMA Executive Council member who has contributed significant or noteworthy leadership or other contributions to NAHMA within the past year or two.

David Joyner, NAHP-e, vice president of asset management for Trinity Development & Management, and **Amy Albery,** senior vice president of Wallick Communities, are being honored for their commitment of time and outstanding leadership as the chair and vice chair of the NAHMA Grassroots Advocacy Task Force. Under their leadership, the task force has been able to spearhead a new high level of effective engagement by NAHMA members in grassroots advocacy.

Peter Lewis, SHCM, NAHP-e, CPO, CGPM, executive vice president of The Schochet Companies and **Lisa Tunick, Esq.,** of Reno & Cavanaugh PLLC, serve as chair and co-chair of the Membership and Marketing Committee for NAHMA and provided leadership as the co-chairs of the NAHMA Next Generation of Emerging Leaders Task Force, which has helped launch exciting new membership initiatives designed to grow the association's membership base and connection with its next generation of industry leaders.

INDUSTRY PARTNER AWARD: DEAN SANTA

Given annually to a government agency or other affordable housing organizational partner that has made a significant contribution to the cause of affordable housing in the previous year.

Dean Santa, division director, Multifamily Asset Management for the Department of Housing and Urban Development (HUD) in the New York region, has been instrumental in furthering the cause of excellence in affordable housing and maintaining its high standards in the industry. He has been a member of the New Jersey Housing and Mortgage Finance Agency Task Force and has worked to bridge the gap between the agency, HUD management and owners. Santa has also been instrumental in bringing together owners and managers in the New York area to organize a revitalized New York State AHMA.

AHMA OF THE YEAR

Given to AHMAs using criteria such as size, number of members, success in membership recruitment, membership retention, education and training course attendance, financial stability and other factors.

Large: SAHMA was able to recruit 50 new members out of a pool of 66 leads for 2019, all while the association maintains an 89% retention rate. SAHMA, which covers eight southeastern states and the Caribbean, held 63 educational events drawing more than 915 students. Additionally, SAHMA held eight state level meetings throughout the spring and a leadership conference that attracted a total of 3,774 participants. The association has continued to grow its webinar opportunities by offering, on average, four webinars per month.

Medium: AHMA-PSW—which has members in Arizona, Nevada, and Southern California—over the last three years, has experienced steady growth while implementing new ideas, initiatives and programs. Among the accomplishments during this time period are a rebranding and launch of a new website, initiating the

continued on page 28

AFFORDABLE HOUSING'S BEST, *continued from page 26*

first membership drive, successfully introducing an advocacy and public awareness campaign, and developing a strategic partnership to have dedicated concierge service to access a rebate program in California, just to name a few.

Small: AHMA of Washington, serving Washington state, enjoys a 94% retention rate and was able to recruit 15 new members. The association also saw the attendance and number of training sessions jump from 301 attendees at 15 sessions in 2018 to 616 attendees at 20 sessions in 2019. Over the past three years, the AHMA's financial position has continued to strengthen. This has allowed the board to evolve from a mindset of financial insecurity to one of purposeful spending to implement its strategic goals.

AHMA COMMUNITIES OF QUALITY PROGRAM AWARD

Given to AHMAs according to size that have a substantial number of COQ awards in their area, demonstrate support for the program, and introduce new or innovative activities.

Large: SAHMA has 593 COQ National Recognition Program participants, with nine new communities since the previous year. In addition, 10 SAHMA member companies have received the Communities of Quality Corporate Partner Designation.

AHMA INNOVATION AWARD

Given in recognition of a new program, service or activity that an AHMA began sometime in late 2018 or in 2019.

JAHMA has formed three committees over the past year to facilitate more member involvement and create an opportunity for active members to gain a seat on the JAHMA Board of Directors. The Innovation and Technology Committee was formed to progress the association's efforts in member engagement through social media, newsletters and other digital media. The Training Committee is working toward offering an increased number of trainings per year with a focus on expanding training for maintenance. The Membership Committee is tasked with increasing membership.

PAHMA kicked off its 2018-2019 Advocacy Drive and the Affordable Housing Career Initiative to unify its membership and teach them to become a voice for housing. Through the advocacy initiative members pledged to SOARR: Speak up about the need for affordable housing; Offer to host a site visit; Attend a town hall meeting; Raise awareness of the housing industry; and Recognize their site on social media. PAHMA also began a career initiative to address the concerns of staff turnover and the struggle to attract qualified personnel in the industry, as well as to bring housing career opportunities to the forefront in schools and within the membership.

NAHMA COMMUNITIES OF QUALITY AWARD

Given annually to a NAHMA Executive Council member who has the most newly listed properties on the NAHMA National Recognition Program COQ Registry—based on data maintained by NAHMA staff.

Most new in 2019 is awarded to **TELACU Residential Management Inc.**, headquartered in Los Angeles, Calif.

NAHMA PRESIDENT'S AWARD

Given annually by NAHMA's president for outstanding leadership or other contribution to NAHMA and the affordable multifamily housing industry—to be named by NAHMA's president at NAHMA's annual winter meeting during the March 9 awards ceremony. **NN**

Educational Foundation Makes 2020 Scholarship Application Available Online

The NAHMA Educational Foundation released its 2020 scholarship application on Jan. 16. Applicants can access the application by going to https://nahma.communityforce.com or by going to the NAHMA website and clicking on the Educational Foundation icon. In 2019, the foundation awarded 109 scholarships totaling $272,500 to worthy student residents.

"The NAHMA Educational Foundation Board of Directors is excited to be releasing the scholarship application for the 14th consecutive year. We fully anticipate that each of our individual scholarships will be worth $2,500 again this year as we continue our endeavor to make our scholarships financially meaningful to resident recipients. Another goal for 2020, will be to expand our footprint to more states across the country. The foundation remains steadfast and unwavering in our sincere appreciation for the support of the program provided by our sponsors and donors that make it all possible," said NAHMA Educational Foundation chairperson, Alice Fletcher, as she announced the release of this year's application.

The application is digital and must be filed online. The deadline for completed applications this year is May 15 at 10 p.m. Eastern time. The requirements for a completed application as well as the selection criteria remain the same as they have been for the last several years.

Eligibility for the program requires that an applicant be a resident in good standing at an AHMA/NAHMA affiliated apartment community and be either a high school senior with a minimum GPA of 2.5; or a general equivalency diploma holder or a matriculated student with a minimum GPA of 2.3 at an accredited college or trade/technical school. Applications from students in graduate level programs will not be accepted.

The required online application components include an application form, two academic and/or professional references, an essay and a certification of residency in good standing form. Additionally, a grade transcript showing grades through the fall 2019 semester is also necessary and is the only component submitted to the foundation via U.S. mail. All necessary forms are provided within the web-based system, hence, no hard copies are needed.

The foundation requests that management companies publicize and promote the scholarship program and the availability of the application to residents and encourage them to apply. Plenty of time remains between now and May 15 for a resident to file a completed application.

In 2019, over 70% of applicants filing a completed application received a scholarship. The NAHMA Scholarship Program has established a long, continuous and proud tradition of providing financial assistance to student residents attending postsecondary school. Please make your student residents aware of the program and let the foundation assist them as they pursue their educational dreams and goals! **NN**

Applicants can access the application by going to https://nahma.communityforce.com or by going to the NAHMA website and clicking on the Educational Foundation icon.

HUD NEWS

THE OPERATING COST ADJUSTMENT FACTORS for fiscal year (FY) 2020 were published on Nov. 22 in the *Federal Register.* These factors are used for adjusting or establishing Section 8 rents under the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended, for projects assisted with Section 8 Housing Assistance Payments. The factors became effective Feb. 11. The FY 2020 Multifamily Utility Allowance Factors, which may be used to adjust baseline utility allowances prepared in accordance with Housing Notice 2015-04, are available on HUDUser.

IN EARLY DECEMBER, HUD ANNOUNCED FISCAL YEAR (FY) 2020 Annual Adjustment Factors (AAFs) for adjustment of contract rents on the anniversary of those assistance contracts for months beginning after Dec. 10, 2019. The factors are based on a formula using residential rent and utility cost changes; the FY 2020 AAFs are the first to use the revised Bureau of Labor Statistics area definitions. AAFs established in the notice are used to adjust contract rents for units in certain Section 8 housing assistance payment programs during the initial term of the HAP contract, including the Section 8 New Construction, Substantial Rehabilitation, and Moderate Rehabilitation programs and the Section 8 Loan Management and Property Disposition programs. AAFs are not used for budget-based rent adjustments; to determine renewal rents after the expiration of the original HAP contract; or to adjust rents in Tenant-Based or the Project-Based Voucher programs. A separate *Federal Register* notice, to be published following the finalization of the FY 2020 federal appropriations process, will be used in the calculation of the calendar year 2020 Housing Choice Voucher renewal funding.

HUD'S OFFICE OF AFFORDABLE HOUSING PROGRAMS announced the launch of the new Building HOME Online Training. Participants can engage with an interactive, self-paced online training that guides participants through key requirements and topic areas using real-world scenarios from multiple job role perspectives while also checking participants' knowledge along the way with challenge questions and exams. Multiple resources and job aids are also included. Sign up for the HOME Mailing List, https://icfi.us5.list-manage.com/subscribe?u=87d7c8afc03ba69ee70d865b9&id=f32b935a5f, for receive updates.

HUD NEWS

IN MID-JANUARY, THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) announced the National Standards for the Physical Inspection of Real Estate, (NSPIRE) Demonstration Resident Engagement Initiative.

As a result of the recommendations and feedback received from stakeholders, HUD has decided to incorporate two new procedures into the NSPIRE Demonstration. First, HUD will test for the best method for including up to five additional dwelling units, identified in advance by a resident's group, or in a scenario where a resident's group is not available, to use a risk model to select units above and beyond those selected by sample. HUD believes this will improve transparency and trust in the Real Estate Assessment Center (REAC) inspection.

In addition, HUD is researching best practices in stakeholder engagement through the design and conduct of resident surveys, as well as designing ways to integrate the survey findings into the NSPIRE Demonstration, including exploring advanced technology solutions and data collection methods that will provide an additional mechanism for resident feedback and improve the REAC inspection process. Furthermore, REAC aims to reduce the administrative burden of participating in a resident focused inspection survey while promoting strategies to facilitate resident survey response rates.

LEGAL NEWS

IN JANUARY, THE SUPREME COURT RULED 5-4 to lift federal injunctions that had temporarily delayed the administration's "public charge" rule from going into effect nationwide. The rule, which adds housing assistance to a list of considerations for immigration inadmissibility into the country, was originally set to go into effect in October, but was put on hold when federal judges in three states issued injunctions in October to temperately delay the rule from going into effect nationwide. The Supreme Court's order means the rule can go into effect in most states while continuing to face legal challenges in lower courts. Currently, the Department of Homeland Security (DHS) evaluates immigrant admissibility into the country based on the likelihood of a person becoming "primarily dependent on the government for subsistence," which includes long-term institutionalization or the need for certain types of cash assistance. Separate from HUD's mixed-status rule regarding housing resident eligibility, the DHS rule issued August 2019 is titled Inadmissibility on Public Charge Grounds and expands the list for evaluating admissibility to include receiving public benefits such as rental assistance, Medicaid and food stamps. Under the rule, officials could also weigh factors such as whether an applicant for a green card has used public assistance in the past. The nationwide injunctions of the rule stated that the administration may have exceeded its authority, may have failed to explain need and reasonableness of the rule, and may have failed to consider local cost impacts of the rule. **NN**

WITH EILEEN WIRTH, SHCM, FHC, NAHP-e

BY JENNIFER JONES

Doing What's Right For the Working Poor

ASK EILEEN WIRTH WHAT HER job is and she'll respond, "chief firefighter." However, the title on her business cards is president and CEO of the Octavia Hill Association Inc. (OHA), located in Philadelphia. For just over seven years, she has been at the helm of the for-profit organization that was founded in 1896 by a group of Quaker women to create housing for the working poor.

"I oversee the operations of the company, and provide guidance to staff for compliance," she said. "We have 450 units throughout Philadelphia—the property managers report directly to me. I also do site visits, contract renewals and oversee capital investments, all while dealing with the unexpected. I'm the point person for a lot of outside company vendors. I just oversee it all."

Even after more than 100 years, OHA keeps rents below the neighborhood average because the association has owned the properties for generations, and there is no longer any debt for most of the homes. Today, OHA owns and manages both market-rate and affordable row homes and apartments throughout the city, most dating back to World War I. One home dates back to 1746 and has been owned by the organization since 1906.

"We do the right thing because it's the right thing to do," Wirth said.

As a result, some of OHA's residents have lived in their homes for generations. One family, for example, has been in their property since the 1940s. Wirth said there is no income restrictions on most of their portfolio because the goal is to try to keep people in an affordable decent home.

"Growing up I didn't want to work in property management," she said. "I was a dancer. I started at age 2 and stopped at 17. I got injured and that killed my audition with the [Radio City] Rockettes."

> "We do the right thing because it's the right thing to do," Wirth said. As a result, some of OHA's residents have lived in their homes for generations.

Wirth got her first taste of the affordable housing industry working as an intern for the New Jersey Housing and Mortgage Finance Agency, while she was attending Rider College—now Rider University, where she earned both a bachelor's in finance and then a Master of Business Administration. She ended up staying with the state agency for 16 years before moving onto positions at two large faith-based nonprofits.

She is drawn to the industry because of the unpredictability and the basic need for affordable housing.

"There is always some new challenge. I've never had two days exactly the same," Wirth said. "I can have the best to-do list going into the office, but might not get to do any of it."

One of the things she wants to do is put some of OHA's proceeds back

into its properties through updates and renovations. And as PennDel AHMA president, Wirth wants to take what the association is doing and focus on making it better.

Even though the New Jersey resident is actively involved in several professional organizations including NAHMA, PennDel AHMA, the Institute of Real Estate Management and the Rider Alumni Board of Directors and Women's Leadership Council, she still finds time to go to a lot of concerts and shows. Wirth is also a New York Giants football season ticket holder, even though her boyfriend of several years, Adam, is a Jets fan.

"We are constantly on the go," she said. **NN**

Jennifer Jones is manager of communications and public relations for NAHMA.

Welcome New Members

NAHMA welcomes the following new members as of Jan. 14, 2020.

EXECUTIVE

Keith Spalsbury, National Church Residences, Columbus, Ohio

AFFILATE

Nate Kepner, Mohawk Industries, Calhoun, Ga.

Larry Sylvain, Granite Telecom, West Palm, Fla.

EDUCATION CALENDAR

For information on specific classes, contact the AHMA or organization directly. All dates and locations are subject to change. For the most up-to-date listings, visit the NAHMA Education & Event Calendar at http://www.nahma.org/education/education-event-calendar/.

MARCH

8-10
NAHMA Biannual Top Issues in Affordable Housing Winter Conference
Washington, DC
NAHMA
703-683-8630
www.nahma.org/meetings

11
Maintenance Workshop: Make Ready Maintenance and Safety on Site
Columbia, SC
SAHMA
800-745-4088
www.sahma.org

Certified Professional Occupancy (CPO) 1 Day Certification
Columbia, SC
SAHMA
800-745-4088
www.sahma.org

Individuals Living with Dementia in Affordable Housing: What You Need to Know
Webinar
SAHMA
800-745-4088
www.sahma.org

Income & Assets Verification & Calculations
Linthicum, MD
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

12
Occupancy Focus for Rural Development Managers
Salem, OR
Oregon AHMA
503-357-7140
www.oregonaffordable
housingmanagement.com

12-13
2020 SAHMA Affordable Housing Conference: South Carolina
Columbia, SC
SAHMA
800-745-4088
www.sahma.org

16
Occupancy Updates
Pittsburgh, PA
PAHMA
412-445-8357
www.pahma.org

17
Half-Day Fair Housing
Glen Allen, VA
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

18
Working with Advanced EIV
Los Angeles, CA
AHMA-PSW
866-698-2462
www.ahma-psw.org

18-20
Conquering LIHTC
Salem, OR
Oregon AHMA
503-357-7140
www.oregonaffordable
housingmanagement.com

19
MOR Top-5 Findings Series: Tenant Selection Plan
Webinar
SAHMA
800-745-4088
www.sahma.org

Intermediate LIHTC Compliance
Glen Allen, VA
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

24
Basic Electrical
Orange, CA
AHMA-PSW
866-698-2462
www.ahma-psw.org

VAWA
Webinar
MAHMA
614-481-6940
http://mahma.com

25
Special Claims
Webinar
SAHMA
800-745-4088
www.sahma.org

25
Management & Best Practices for Section 8 Properties
Glen Allen, VA
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

26
Occupancy Focus Class for Rural Development Managers
Grants Pass, OR
Oregon AHMA
503-357-7140
www.oregonaffordable
housingmanagement.com

Basics of Effective Written Communication
Grants Pass, OR
Oregon AHMA
503-357-7140
www.oregonaffordable
housingmanagement.com

Exceptional Customer Service
Long Beach, CA
AHMA-PSW
866-698-2462
www.ahma-psw.org

The Owner Handbooks: What You Don't Know Can Hurt
Webinar
SAHMA
800-745-4088
www.sahma.org

Critical Policies for Affordable Housing Properties
Glen Allen, VA
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

APRIL

2
Water Intrusion & Damage
Upper Marlboro, MD
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

7
Fair Housing
Pittsburgh, PA
PAHMA
412-445-8357
www.pahma.org

7
Everything EIV
Salem, OR
Oregon AHMA
503-357-7140
www.oregonaffordable
housingmanagement.com

8
Fair Housing for Managers
Riverside, CA
AHMA-PSW
866-698-2462
www.ahma-psw.org

Income & Assets Verification & Calculations
Christiansburg, VA
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

9-10
Utah Spring Workshop
Rocky AHMA
303-840-9803
www.rockyahma.com

15-17
Certified Professional of Occupancy
Denver, CO
Rocky AHMA
303-840-9803
www.rockyahma.com

16
Advanced LIHTC Compliance
Glen Allen, VA
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

20-22
Annual Affordable Housing Conference
Bend, OR
Oregon AHMA
503-357-7140
www.oregonaffordable
housingmanagement.com

22
Basic LIHTC Compliance
Glen Allen, VA
Mid-Atlantic AHMA
804-564-7898
https://mid-atlanticahma.org

NAHMANews
National Affordable Housing Management Association
400 North Columbus Street, Suite 203
Alexandria, VA 22314
www.NAHMA.org

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PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword

See You in D.C. In March

ONE OF THE BEST WAYS TO STAY up on the latest in the affordable housing industry is by attending NAHMA's annual winter meeting, March 8-10, in Washington, D.C. The three-day winter meeting features educational panels, networking opportunities, Industry Awards and the Communities of Quality (COQ) Awards luncheon. The event concludes with prearranged Capitol Hill meetings with congressional representatives and their staff.

The meeting is especially helpful for anyone new to the association or looking to become more active within NAHMA. Kick things off with the Welcome Session: NAHMA 101, which includes everything you want to know about the association and incorporates a meet-and-greet period to get to know your fellow members. Then over the course of the three days, NAHMA rookies can sit in on the various committee meetings to get a feel for which ones play to their strengths and interests. Signing up for a committee, which is really indicating your interest in that topic, is a great way to get the most out of your membership.

The educational sessions put NAHMA members in the same room with industry experts. This provides you a chance to hear the latest news from the Department of Housing and Urban Development, the U.S. Department of Agriculture's Rural Development and more.

Do not miss the annual COQ Award presentation or the NAHMA Industry and AHMA Awards ceremonies. Both celebrations are our way of highlighting the communities and people who work hard to prove affordable housing can be an asset to any neighborhood.

Since you are in Washington, D.C., why not schedule an appointment with your local congressional representative to discuss the issues surrounding affordable housing that mean the most to you and the people you serve? Not sure you know enough to lobby on behalf of the industry or where to even start? The Advocacy Workshop on Tuesday morning can help with that. The interactive session provides members updated legislative priorities and best practices for effectively advocating on the Hill.

Please review the meeting agenda on NAHMA's Meetings webpage to plan your days accordingly. More information about the March meeting is available on the NAHMA website, www.nahma.org. While visiting the Meetings webpage also "save the date" and plan to attend the fall forum in October.

Finally, thank you for your continued support of NAHMA and the numerous initiatives we are working on to advance the industry and ultimately improve the quality of life for the families we serve. **NN**

Timothy Zaleski, SHCM, NAHP-e, is president of McCormack Baron Management Inc. and president of NAHMA.