NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

NAHMANews

July August 2024

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

Coalition Speaks Out Against Criminal Background Screening Proposed Rule

In June, NAHMA joined industry partners in submitting joint comments in response to HUD's proposed rule titled Reducing Barriers to HUD Assisted Housing. The law firm Reno & Cavanaugh filed the comments on behalf of the associations.

"The associations applaud HUD's effort to clarify and attempt to make it easier for owners and Public Housing Authorities (PHAs) to develop, implement, and apply criminal screening policies. However, for the reasons discussed [in the comments], the associations believe the Proposed Rule is overly complex, overly prescriptive, and, contrary to HUD's assertion, significantly limits a provider's discretion to make admission and termination decisions," the letter said.

The industry coalition argued the proposed rule directly contradicts the Quality Housing and Work Responsibility Act of 1998 (QHWRA) by ignoring the statute's mandates, depriving owners and PHAs of the discretion afforded by the statute, and imposing new standards and burdens not contemplated by Congress.

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White House Calls for Rent Increases Cap

ON JULY 16, THE WHITE HOUSE RELEASED a fact sheet detailing actions the Biden administration plans to "lower housing costs by limiting rent increases and building more homes." To read the fact sheet in its entirety, visit https://www.whitehouse.gov/briefing-room/statements-releases/2024/07/16/fact-sheet-president-biden-announces-major-new-actions-to-lower-housing-costs-by-limiting-rent-increases-and-building-more-homes/.

According to the fact sheet, the new actions include calling on Congress to pass legislation giving corporate landlords a choice to either cap rent increases on existing units at 5% or risk losing current federal tax breaks; repurposing public land sustainably to ensure as many as 15,000 additional affordable housing units are built in Nevada; and rehabilitating distressed housing, building more affordable housing, and revitalizing neighborhoods, including Las Vegas.

"Under President Biden's plan, corporate landlords, beginning this year and for the next two years, would only be able to take advantage of faster depreciation write-offs available to owners of rental housing if they keep annual rent increases to no more than 5% each year. This

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QUERIES: Letters to the Editor and other queries should be sent to Jennifer Jones at the address above.

inside nahma

BY KRIS COOK, CAE

Annual Meetings Update

AS THE DOG DAYS OF SUMMER start to give way to fall, we are busy preparing for our NAHMA Biannual Top Issues in Affordable Housing Fall Conference, Oct. 23-25.

We will be opening the room block at the Fairmont Georgetown earlier than usual this year. Two major events are taking place in Washington, D.C., simultaneously with our annual meeting. As a result, we recommend that members make their travel and lodging plans as soon as possible. We cannot extend the room block, and the availability of alternate hotel rooms and short-term rentals will be limited.

The link for the room block is https://book.passkey.com/e/50819969. Again, we highly recommend that you make your room reservations right away.

Registration for the October meeting will open sometime in August, and is separate from hotel room reservations.

In other meeting news, NAHMA's Board of Directors has decided to take the October 2027 on the road after polling members. We are exploring potential hotels in a mid-West location. We don't want to announce precisely where until the appropriate contracts are signed.

We hope that by changing the location of the fall meeting, we can make it easier for our members to attend and interject some variety into the yearly gathering. The traveling meetings will still feature all the informative sessions you have come to expect from the D.C. meetings, including HUD staff.

The annual March meeting will remain in Washington, D.C., allowing members to visit their elected officials on Capitol Hill and advocate on behalf of affordable housing.

AWARDS NOMINATIONS NEEDED

NAHMA is accepting nominations for its 2024 Industry Awards in three categories and applications for the AHMA Awards, also in three categories: AHMA of the Year (based on size), AHMA Communities of Quality Program Award and the AHMA Innovation Award. Nominations are due to NAHMA by Friday, Nov. 1. The Industry and AHMA Awards ceremony will occur at the March 2025 meeting.

To nominate someone for any of the three industry awards, email me at kris.cook@nahma.org, and include which award you are nominating the person for and why you think the person should be the award winner, including specific accomplishments supporting your recommendation. The nomination should be a minimum of 100 words up to a maximum of 1,500 words.

1. Industry Statesman Award: Given annually to a NAHMA Executive Council member who is either in or nearing retirement in recognition of many years of outstanding leadership and service to NAHMA.

2. Industry Achievement Award: Given annually to a NAHMA Executive Council member who has contributed significant or noteworthy leadership or contribution to NAHMA within the past year or two.

3. Industry Partner Award: Given annually to a government agency or other affordable housing organizational partner that has significantly contributed to the cause of affordable housing in the previous year. **NN**

Kris Cook, CAE, is chief executive officer of NAHMA.

"It flagrantly ignores the framework established by QHWRA and its implementing regulations, which have been in place for decades that give owners and PHAs the ability to make admission or termination decisions under certain prescribed circumstances based on what they deem is best for their individual properties. HUD has provided no legal justifications for its proposed departures from the existing statutory mandates other than expressing general disagreement with the existing regulations. HUD is not without tools to take action against an owner or PHA that employs overly broad, unnecessarily restrictive policies that may result in a disproportionate impact on a protected class.

"Furthermore, what HUD considers necessary or important to provide 'clarity' to housing providers via the Proposed Rule is more accurately unduly prescriptive. Additionally, the Proposed Rule would impose new or excessive regulatory burdens that risk driving housing providers away from HUD programs, thereby further reducing the scarce supply of vitally needed affordable housing," the comments said.

THE COMMENTS

The comments said the proposed rule is overly prescriptive and infringes upon the discretion afforded owners and PHAs by statute.

According to the comments, QHWRA was enacted to provide owners and PHAs the tools to develop and implement "fair, effective, and comprehensive policies for denying admission to applicants who engage in illegal drug use and other criminal activity and for evicting or terminating assistance of persons who engage in such activity." The goal was to make public and assisted housing safer for those who reside and work there and for the surrounding communities.

To enable owners and PHAs to accomplish that goal, QHWRA mandated that applicants be denied admission or tenants be terminated under certain prescribed circumstances. The comments said it also gave owners and PHAs certain discretion to make admission or termination decisions under certain prescribed circumstances.

"However, since the publication of the final QHWRA rules in 2001, HUD has engaged in ongoing efforts to diminish the authority conferred by QHWRA on owners and PHAs to maintain the safety of their properties. In the preamble to the Proposed Rule, HUD justifies its efforts by asserting that 'some' owners and PHAs have been 'unnecessarily restrictive' in their use of criminal history as a screening tool and that 'many' have used 'blanket bans' to deny admission to prospective tenants without any regard to the length of time that has elapsed since the criminal activity occurred and/or the criminal activity's relationship, if any, to an applicant's current fitness as a prospective tenant," the comments said.

Among the new provisions in the proposed rule is one that would establish a timeframe, or look-back period, beyond which a provider could not consider criminal-related activity when evaluating an individual's criminal history. Notably, neither QHWRA nor the current regulations impose a specific limitation on the look-back period an owner or PHA may apply. They only require that the appli-

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WHITE HOUSE CALLS FOR RENT INCREASE CAP,
continued from page 1

would apply to landlords with over 50 units in their portfolio, covering more than 20 million units across the country. It would include an exception for new construction and substantial renovation or rehabilitation. The policy is a bridge to rents stabilizing as President Biden's plan to build more takes hold. The President believes that this combination of anti-gouging policies and historic levels of support to build more affordable housing effectively balances the needs of tenants without limiting incentives for more supply," according to the fact sheet.

Additionally, the Federal Housing Finance Agency announced what it called "renters protections" to apply to future loans from Fannie Mae and Freddie Mac, including requiring 30-day notice before rent increases, 30-day notice on lease expiration, and a five-day grace period before imposing late fees on rental payments.

The administration is calling on federal agencies to assess surplus federal lands that can be repurposed for affordable housing. As a result, the Bureau of Land Management (BLM) is accepting public comments on a sale of 20 acres of public land to Clark County, Nevada for below-market value, which the county estimates will allow for the development of 150 affordable homes for households making less than 80% of area median income. BLM is also proposing to sell 18 acres below-market value to the City of Henderson, Nevada, for nearly 300 affordable housing units. BLM is also considering additional lands that have been identified by local governments in Southern Nevada.

The U.S. Forest Service announced plans to lease Forest Service land to build workforce housing in Steamboat Springs, Colo., and Ketchum, Idaho. While the United Staes Postal Service is piloting a program that repurposes surplus properties for housing. Finally, HUD is providing $325 million in Choice Neighborhoods grants to build new affordable housing and will leverage more than $2.65 billion in public and private investments in communities needing revitalization.

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cable timeframe be reasonable, said the comments.

The proposed rule states that any look-back period over three years will be presumptively unreasonable. However, the proposed rule would allow owners and PHAs to impose a longer period concerning a particular criminal activity if such a longer look-back period is supported by empirical evidence, the comments said.

"This proposed arbitrary limitation on what constitutes a reasonable look-back period, along with the imposition of the burden to produce empirical evidence to justify a look-back period greater than the proposed rule's arbitrary three-year limit, directly infringe upon the discretion afforded to owners and PHAs by statute and is, therefore, contrary to, and in direct conflict with, QHWRA, the authorizing statute," the comments said.

In addition, the proposed rule would require owners and PHAs to conduct an individualized assessment before a final decision on whether to admit or terminate is made in connection with any discretionary decision permitted under the proposed rule. The proposed rule would define individualized assessment as a "process by which an applicant is evaluated for admission to a federally assisted housing program," the point of which "is to determine the risk that an applicant will engage in conduct that would adversely affect the health, safety, and peaceful enjoyment … by other residents, the owner, or property employees." It would "require a holistic consideration of 'multiple points of information' that may include criminal history but also relevant mitigating factors, including but not limited to those set forth in [proposed] § 5.852(a)(1) and (2), and repeated in public housing and voucher regulations as appropriate."

Although HUD believes that the current regulations already require owners and PHAs to consider relevant mitigating factors, at least in the eviction/termination context, it would also require it in the admission context. However, both QHWRA and the current conforming regulations give owners and PHAs discretion to consider mitigating factors when deciding whether to exclude an applicant or to evict or terminate a tenant. They do not mandate it, the comments said.

The proposed rule would also impose new notice requirements on owners and PHAs. As a result of these new notice requirements, at least 15 days before notification of an actual denial of admission based on criminal activity, an owner or PHA must notify the applicant of the proposed denial. The owner or PHA must also provide the applicant with a copy of any relevant criminal record/information and inform them that they will be allowed to dispute the accuracy and relevance of that record.

In its proposed rule, HUD fails to explain or justify why individuals with a criminal record, a group that is not a protected class under the FHA, are entitled to this extra notice and opportunity to oppose a decision to deny admission while other groups are not. There is no basis in law for favoring the class of applicants with criminal histories over all other applicants and, frankly, providing this additional notice opportunity to applicants with criminal histories will adversely impact, and prejudice, other applicants seeking housing," the comments said.

Concerning all determinations based on criminal activity, the proposed rule would require a preponderance of evidence supporting such decisions. "QHWRA imposes no such burden of proof on owners and PHAs. Yet, HUD wants owners and PHAs to bear a burden of proof usually used in civil trials and one that even seems to exceed the burden of proof imposed on owners or PHAs under a disparate impact analysis. To meet this new burden, owners and PHAs must consider the 'reliability' and 'unreliability' of the information. The need to assess the reliability and unreliability of whatever information is available will inevitably lead to delays which, in turn, could result in the loss of prospective tenants and extend unit vacancies. More significantly, it would require property staff to make assessments and evaluations that they are not qualified to make. Additionally, HUD's proposal would impose additional administrative burdens on providers, which amount to unfunded mandates," the comments said.

The industry coalition argued the proposed rule directly contradicts the Quality Housing and Work Responsibility Act of 1998 (QHWRA) by ignoring the statute's mandates, depriving owners and PHAs of the discretion afforded by the statute, and imposing new standards and burdens not contemplated by Congress.

CHANGES TO CERTAIN PROVISIONS OF QHWRA

HUD asserts that there are only two statutorily required exclusions applicable to federally assisted housing: (1) persons who are subject to a lifetime registration requirement under a state sex offender registration requirement and (2) persons convicted of producing methamphetamines on federally assisted property. According to HUD, the other so-called "mandatory" exclu-

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COALITION SPEAKS OUT, *continued from page 6*

sions are “qualified” exclusions. The comments said this is in clear conflict with both the statute and the current regulations.

In the context of evictions and terminations, the statute requires that an owner or PHA determine whether a tenant’s illegal use or pattern of illegal use of a drug, or abuse or pattern of abuse of alcohol, may “interfere” with the health, safety, and right to peaceful enjoyment. The corresponding current regulation uses the same language used in the statute (i.e., interferes with), while the proposed rule would substitute the word “threaten” for the word “interferes.” However, in the context of evictions or terminations based on a tenant’s abuse or pattern of abuse of alcohol, both the corresponding current regulation and the proposed rule substitute the word “threaten” for the word “interferes.”

The comments said substituting the word “threaten” for either “adversely affect” or “interferes” is significant. These words are not remotely synonymous. As a result, substituting the word threaten for either the word interferes or adversely affect creates a much higher burden the housing provider must meet when deciding whether to admit or terminate. Moreover, these substitutions are in complete contravention of the statutory language. Again, HUD offers no explanation or basis for these substitutions. In fact, HUD does not even acknowledge that it intends to make, or has made, any such substitution.

IMPOSES GREATER BURDENS

The comments said that HUD’s proposed rule would increase owners’ and PHAs’ compliance costs because more staff with specialized training will be required to implement and execute the complex and overly prescriptive tenant screening and lease termination policies. The proposed rule will also require more staff time, attention and expertise, including specialized knowledge of social science and empirical evidence, making it even more complex and costly for owners and PHAs to attract and retain qualified staff to carry out the policies.

“The associations’ members estimate that they currently spend four to six hours on lease termination activities per property, and they estimate that HUD’s proposed changes would increase the time burden by 30%,” the comments said.

HUD also neglected to specify and clearly articulate the scope of expected “one-time” changes to owners’ and PHAs’ leases for criminal activity and illegal drug use. HUD further ignores the iterative impact and burden of changing multiple leases for tens of thousands of households.

“It is unclear if such lease changes pertain to owners’ and PHAs’ discretionary termination criteria, or if HUD plans to revise the HUD Model Lease to more clearly align with the changes contemplated by the proposed rule. Presumably, in the absence of HUD making necessary revisions, owners and PHAs will be required to obtain HUD permission to depart from the Model Lease provisions, which imposes additional burdens and delays,” the comments said.

In addition, the proposed rule fails to consider the increasing costs of obtaining liability insurance and how the overly prescriptive requirements resulting from implementing the proposed rule would likely adversely impact owners and PHAs. For example, the admission of a resident with a history of violence who then commits an act of violence against another resident of the community will almost certainly expose the owner or PHA to significant state tort liability. At a time when insurance is difficult and expensive to obtain for multifamily housing in general and affordable housing in particular, HUD should consider these costs, the comments said. **NN**

BY RAJ SAMBANDAM

My Summer Internship With NAHMA

I'M RAJ SAMBANDAM, A RISING high school senior from Orlando, Fla., and I interned for Larry Keys Jr., the vice president of Government Affairs at NAHMA. My introduction to affordable housing started before I came to Washington, D.C., reading and learning about what rental assistance meant, the difference between project-based assistance and tenant-based assistance, and what a Housing Choice Voucher was. By the time I came to D.C., I felt like an expert. That changed quickly as I attended the Terwilliger Center Summit on Housing Supply Solutions. I learned so much in just a day of listening to speakers. Whether it was that houses had insurance on them, the seemingly pointless political divide on a bipartisan issue like housing, or even how Disney hosts affordable housing in my own community, I always felt like I was learning something new. Perhaps the most important thing I learned from the summit was how to make a summary for a business audience in a digestible format while also including my own opinions and observations. As a result, I made a National Factsheet to advocate for funding using my new knowledge of HUD programs.

Later that week, and over the course of the internship, I made connections with all of the office staff (and my new colleagues!). Between the weekly staff meetings, family-style relaxed work environment, and small chats, I really enjoyed my time in the office. Over the first two weeks, I got to wear my suit and head to the Senate, where I attended my first two Senate hearings. For the first time, I learned about how the Department of Transportation links with housing through their transit-oriented development plans and how both political parties view issues and express their polar opposite viewpoints (they don't agree too much).

The next few weeks passed with a trip back home, staff meetings, industry calls with NAHMA members, the AHMAs and real estate groups, and more Senate hearings. Most notably, I wrote an advocacy letter to both my senators and my House representative to encourage their support for one of our most effective housing programs—the Low-Income Housing Tax Credit (LIHTC). As I kept reading about the housing market, I developed my own interest: the intersection between housing and education. Affordable housing plays such a key role in high school graduation, test scores, and many other academic indicators. As I continued developing this interest, I made a resource page for the NAHMA members about why housing is so important for education and free resources for students in affordable housing to use. I included reading, federal, and general interest resources. This interest mainly came from my initiatives at home, in which I work to try and create more equitable opportunities in education within my community.

As I kept reading about the housing market, I developed my own interest: the intersection between housing and education. Affordable housing plays such a key role in high school graduation, test scores, and many other academic indicators. As I continued developing this interest, I made a resource page for the NAHMA members about why housing is so important for education and free resources for students in affordable housing to use.

As the internship began to come to an end, I began doing much more reflective work. All the dots started connecting. As I read about how the LIHTC is administered in my local community through my state's Housing Finance Agency, I truly understood why Larry gave me information in the order I digested it. I learned from the highest Capitol Hill level how housing policy worked all the way down to how someone in my community can access an affordable housing unit. I learned about the stark history and promising future of the industry. I found myself truly interested in something I never quite considered—affordable housing. **NN**

Budget-Based Rent Adjustments Available for M2M Properties

HUD's Office of Multifamily Housing Programs published Housing Notice 2024-05, which implements HUD's authority to make budget-based rent adjustments (BBRA) for Section 8 Project-Based Rental Assistance housing assistance payment contracts at properties subject to a Mark-to-Market program (M2M) Use Agreement. The notice sets the eligibility requirements and HUD's policies and procedures for reviewing BBRA applications. The notice became effective upon publication on Feb. 29.

According to a HUD, due to limited funding, the department prioritizes BBRAs where the need is the greatest. The notice identifies the First Priority Group invited to apply for a BBRA as owners of an M2M property/property that meets the eligibility requirements and one of the criteria defined as "Group A Properties." Only properties that met the requirements of the 1st Priority Group were eligible to apply by the March 28 deadline.

According to a HUD, due to limited funding, the department prioritizes BBRAs where the need is the greatest.

BBRAs will increase contract rents; however, assisted residents will continue to pay only 30% of their income for rent and utilities. The monthly PBRA subsidy payment to owners covers the difference between the tenant contribution and the contract rent.

The Group A must meet one of the following criteria:

- REAC score of less than 30
- Two consecutive REAC scores of less than 60
- Operating Cost Coverage Ratio less than 1.0
- Owner Contributions of over $3,000 in the last year or a three-year record of Owner Contributions over $1,500 per year
- Property is with the Multifamily Property Disposition Center
- Vacancy Rate greater or equal to 25% for 24 months

According to frequently asked questions posted by HUD on the Post M2M website, the department cannot provide timeline estimates for Initial Submissions for Groups B-D and Priorities Two-Nine. HUD will assess and process BBRAs as efficiently as possible. This applies to how long a submission review will take and when the following priority groupings are announced.

The criteria for Groups B-D are available in Sections 2.10-2.12 of the notice.

According to the notice, the priority for BBRA will be:

- First Priority shall be Group A Properties.
- Second Priority shall be Group B Properties with a weighted rent less than 90% of the weighted Fair Market Rents (FMR).
- Third Priority shall be Group C Properties with a weighted rent less than 90% of the weighted FMR.
- Fourth Priority shall be Group B Properties and Group C Properties with a weighted rent equal to or greater than 90% of the weighted FMR and less than 140% of the Weighted FMR.
- Fifth Priority shall be Group D Properties with a weighted rent less than 70% of the weighted FMR.
- Sixth Priority shall be Group D Properties with a weighted rent equal to or greater than 70% of the weighted FMR and less than 80% of the weighted FMR.
- Seventh Priority shall be Group D Properties with a weighted rent equal to or greater than 80% of the weighted FMR and less than 90% of the weighted FMR.
- Eighth Priority shall be Group D Properties with a weighted rent equal to or greater than 90% of the weighted FMR and less than 100% of the weighted FMR.
- Ninth Priority shall be Group D Properties with a weighted rent equal to or greater than 100% of the weighted FMR and less than 140% of the weighted FMR.
- Tenth Priority shall be all other eligible Properties.

According to the notice, the submission requirements are a two-step process consisting of an initial and final submission. The Initial Submission allows HUD to determine that the property qualifies for the priority category that was invited to request a BBRA. Based on the initial submissions, HUD will estimate the funding necessary to support the requested BBRAs. The date and time stamp for receipt of the initial submission shall establish the order on a first-come, first-served basis, in which HUD will invite owners to provide the final submission. The final submission contains all the necessary documentation to confirm eligibility and to allow HUD to conduct a complete evaluation of the project and assess the needed BBRA. **NN**

To read the notice, visit https://www.hud.gov/sites/dfiles/OCHCO/documents/2024-05hsgn.pdf

For more information, visit the Post M2M website https://www.hud.gov/program_offices/housing/mfh/presrv/presmfh/aboutm2m/postm2m

NAHMA's Takeaways from PBCAs Listening Sessions

HUD held listening sessions in late May and early June on HUD's proposed modifications to the Performance-Based Contract Administrator (PBCA) program. HUD included its PBCA proposal in its fiscal year 2025 budget request.

As currently drafted, HUD's legislative proposal would enable HUD to award cooperative agreements to eligible entities to serve as PBCAs through a Notice of Funding Opportunity (NOFO) rather than a Federal Acquisition Regulation (FAR) procurement; limit the eligibility for the NOFO competition to public housing agencies and their nonprofit affiliates, which includes state and local housing finance agencies; require that one cooperative agreement be awarded for each state or territory, except it would allow HUD to award more than one cooperative agreement for states with a population that exceeds 35,000,000; and in a worst-case scenario, where a Public Housing Authority (PHA) or Housing Finance Agency (HFA) is unable to perform as a PBCA for a particular jurisdiction, enable HUD to enter into a procurement contract with another entity.

NAHMA recommends that HUD provide clear and extensive outreach to tenants on the impacts of any changes to oversight of the Project-Based Rental Assistance program and PBCA relationshi…

NAHMA'S COMMENTS

NAHMA recommends that HUD provide clear and extensive outreach to tenants on the impacts of any changes to oversight of the Project-Based Rental Assistance program and PBCA relationship since it is HUD's relationship with its contractors that may drive compliance changes at properties rather than activities initiated by owners or management agents.

HUD's fiscal year 2025 proposal does not provide any discussion on whether the proposed NOFO model is intended to be more cost-effective or efficient than the current PBCA FAR process. Owners and management agents are interested to learn whether there will be a dramatic improvement over the current FAR process, according to NAHMA.

Under any model, NAHMA asks HUD to ensure that PBCAs apply a consistent oversight standard nationwide. Historically, owners/agents with properties across multiple states have experienced inconsistent interpretations of HUD regulations by different PBCAs as they conduct property oversight. Since the pandemic, PBCA oversight consistency has dramatically improved, and the owner/agent community would like to see this consistency maintained.

NAHMA said technology and a risk-based approach to portfolio oversight will help reduce costs. The association hopes that HUD Multifamily is seeking technology investments to ensure that HUD, PBCAs, owner/agents, and tenants remain informed partners in maintaining quality, affordable multifamily housing under the Project Based Rental Assistance PBRA program. **NN**

Actions Taken to Address Insurance-Related Issues

On July 18, NAHMA attended the HUD 2024 Insurance Summit, which focused on the challenges HUD stakeholders face due to sharp increases in insurance costs and lack of available coverage. The event included housing and insurance leaders, housing providers, academics, policymakers, and other stakeholders to discuss how this issue impacts families and communities, the partnerships that must be established, and potential policy solutions.

According to the summit fact sheet, HUD has limited ability to directly address the issues underlying insurance cost increases or lack of availability. However, HUD has been reviewing its policies for opportunities to address industry challenges due to market trends while managing potential risks.

HUD has also been speaking with stakeholders to understand their challenges in finding and maintaining affordable insurance coverage better and to consider how HUD may be helpful.

For more details on the summit, visit https://www.hud.gov/press/press_releases_media_advisories/HUD_No_24_184.

NAHMA JOINS COALITION LETTER TO CONGRESS

In June, NAHMA joined the Housing Affordability Coalition, a coalition of industry groups representing America's housing providers, lenders, and residents, to send members of Congress and the Biden administration a letter outlining several bipartisan policies to address the causes of rising insurance premiums across the nation's housing market. The letter focused on the significant negative impacts of such increases on all stakeholders, including single-family, multifamily, and affordable housing developers, lenders, investors, owners, and renters.

Rising insurance costs are one of several factors that are mostly beyond the control of housing providers, driving price increases. The volatility in the insurance market over recent years has hindered the ability of housing providers to deliver the housing that is so desperately needed. Since housing costs are a significant driver of inflation, addressing insurance and other operating cost challenges in the rental market will also have positive follow-on effects for the national economy.

"Ultimately, our primary objective in this letter is to ensure housing providers can meet the long-term housing needs of the nearly 40 million Americans who live in rental homes and continue to foster the growing contributions rental housing makes to our economy and communities throughout the country," the letter said. To read the letter in its entirety, visit https://www.nmhc.org/globalassets/advocacy/comment-letters/2024/2024-06-10-housing-affordability-coalition-letter-on-insurance.pdf.

FINAL RULE GOVERNING FLOOD RISK MANAGEMENT

In April, HUD published a final Federal Flood Risk Management Standard (FFRMS) rule in the *Federal Register* to help communities prepare for and reduce flood damage. The rule aims to protect communities from flood risk, heavy storms, increased frequency of severe weather events and disasters, changes in development patterns, and erosion. By implementing the FFRMS, communities can become resilient to flooding, protect lives and properties, minimize damage to households, reduce insurance costs, and safeguard federal investments, ensuring that federally funded construction projects are built to withstand current and future flood risks.

The final rule implements the FFRMS required by Executive Order 13690 by updating two of HUD's regulations: Part 55, Floodplain Management and Protection of Wetlands and Part 200, Minimum Property Standards. The rule strengthens standards by increasing elevations and floodproofing requirements of properties in areas at risk of flooding, where federal funds are used to develop or provide financing for new construction within the now-defined FFRMS floodplain. It also applies to substantial improvement to structures financed through HUD grants, subsidy programs, and applicable multifamily programs. The update to Minimum Property Standards only applies to FHA-insured new construction within the 100-year floodplain.

HUD estimates approximately 10% of new Federal Housing Administration (FHA) single-family homes constructed each year are within the 100-year floodplain, and many of those homes are already located in areas where state or local standards are higher than HUD's previous standard. The updated standard reduces FHA homeowners' exposure to losses caused by flooding, lowers insurance costs, and, most importantly, protects the risk to life faced in areas of greater flood risk.

Flooding is the most common and costly weather-related disaster in the United States, costing taxpayers billions of dollars a year in economic losses, health impacts and funding to recover damages and rebuild or repair property. In 2023, the Congressional Budget Office estimated that the expected annual flood damages in 2020 to homes with federally backed mortgages were $9.4 billion and projected to increase to $12.8 billion annually by 2050. The

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impact on individual and multifamily homeowners is estimated to be equally staggering, with just 1 inch of floodwater resulting in losses ranging from $10,000 to $27,000, depending on the size of the home. When the elevation and floodproofing standards required by the rule are applied, HUD estimates the total combined benefits for each year of construction will result in approximately $56.4 million to $324.3 million of savings over the lifetime of the properties. These savings result from cost reductions due to decreased flood insurance premiums, reduced flood damage to buildings, cost avoidance for homeowners and tenants, reduced expenses associated with relocation or temporary housing, and loss of income due to flooding events.

WIND OR NAMED STORM INSURANCE COVERAGE DEDUCTIBLE LIMITS

Also in April, HUD published Mortgagee Letter 2024–05 (Wind or Named Storm Insurance Coverage—Maximum Insurance Deductibles), which became effective immediately. The letter extends Section 3.9.2.4.A.3 of the Multifamily Accelerated Processing (MAP) Guide to owners of FHA-insured projects.

It amends the MAP Guide to establish a process by which a lender may request a waiver of the maximum deductible for wind and named storm insurance coverage. The letter applies to "new mortgage insurance transactions that have not yet achieved final endorsement."

The Office of Asset Management and Portfolio Oversight (OAMPO) has heard from owners of FHA-insured projects that the maximum deductible has made it infeasible in some cases for owners to retain or obtain adequate coverage at costs that projects can support. In response to this set of circumstances, OAMPO is extending Section 3.9.2.4.A.3, as amended, to owners of FHA-insured projects.

An owner seeking a waiver of the maximum deductible must submit a request to the regional director for the Multifamily region in which the project is located. To be considered, the request must include the following:

> "Ultimately, our primary objective in this letter is to ensure housing providers can meet the long-term housing needs of the nearly 40 million Americans who live in rental homes and continue to foster the growing contributions rental housing makes to our economy and communities throughout the country," the letter said.

1. Documentation of the owner's unsuccessful attempt(s) to obtain insurance coverage with a deductible that does not exceed the maximum permitted amount.

2. Evidence that the owner can obtain insurance coverage with a deductible that exceeds the maximum permitted amount but that otherwise meets FHA requirements at a cost that the project can support.

3. A letter from the lender consenting to the waiver request and the specific policy that the owner will purchase subject to HUD approval of the request.

The regional director will forward any request for a deductible that exceeds $1,000,000 to Headquarters for review and consideration.

HEARING ON IMPACT OF CLIMATE CHANGE ON INSURANCE MARKETS

On June 5, the Senate Budget Committee held a hearing titled Riskier Business: How Climate is Already Challenging Insurance Markets, covering how climate change has affected the housing market, with spillover effects into the broader economy. Witnesses and senators highlighted how climate change has impacted single-family and multifamily homeowners.

Insurance rates have increased dramatically in recent years, leading to homeowners turning to state-backed plans of last resort or foregoing insurance altogether. Some insurance companies have reduced or ceased coverage in some states, while many smaller, local insurance companies have become insolvent. On the multifamily side, Sen. Tim Kaine (D-VA) said a survey found that 96% of Virginia localities reported double- or triple-digit increases in insurance rates for affordable housing properties, which could lead to property managers delaying or skipping necessary maintenance, reducing other services, or going out of business.

Throughout the hearing, participants discussed potential longer-term problems that the housing insurance crisis could create. Federal Emergency Management Agency disaster recovery money could run out. State and local governments could experience decreased tax revenues as they spend their revenue on recovery, coupled with an eroded tax base as residents move away or are permanently displaced. There could also be a rise in mortgages backed by "fragile" insurance, with policies held by companies at risk of insolvency, even beyond those states most impacted by climate change. Proposed solutions include gathering more data on the multifamily insurance crisis, as the data is currently lacking, investing more in mitigation and resilience, strengthening financial institutions, and rethinking where homes are built. **NN**

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We want to thank you for your participation in NAHMA by offering additional memberships for FREE.

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Special AHMA BSGS Program and Pricing for Companies With Less Than 1,000 Units Available, Too

To take advantage of the offers, or to see if you already qualify, contact Brenda Moser, 703-683-8630, ext. 114.

Guidance Available on Use of Artificial Intelligence

In May, HUD released two guidance documents addressing the application of the Fair Housing Act to two areas in which the use of artificial intelligence (AI) poses particular concerns: the tenant screening process and its application to the advertising of housing opportunities through online platforms that use targeted ads.

SCREENING OF APPLICANTS

The tenant screening guidance describes fair housing issues created by tenant screening practices, including the increasing use of third-party screening companies to aid with tenant screening decisions and the emerging use of machine learning and artificial intelligence. The guidance also suggests best practices for fair, transparent, and nondiscriminatory tenant screening policies for housing providers and companies offering tenant screening services.

The tenant screening guidance said that the use of third-party screening companies, including those that use artificial intelligence or other advanced technologies, must comply with the Fair Housing Act and ensure that all housing applicants are given an equal opportunity to be evaluated on their merit.

HUD said housing providers should adopt screening policies that are clear, detailed, and publicly available and only use tenant screening services that will help them implement these policies. Customizing the criteria, standards, and weights being used, rather than purchasing an off-the-shelf product, can help ensure screenings conform to stated policies.

HUD further said that when a housing provider receives a screening report with a denial recommendation, the housing provider should determine whether, under their screening policies, the information in the report is disqualifying. If not, the housing provider should accept an applicant notwithstanding the denial recommendation and consider contacting the screening company to adjust the grounds for denial recommendations going forward.

In selecting a tenant screening company, housing providers should inquire into how the company ensures its screenings are accurate and nondiscriminatory. Housing providers should select screening services that offer customizability, frequently update their data, monitor for unjustified discriminatory effects, report clear and specific reasons for denials, allow individuals to correct inaccuracies, publicly disclose key details about their screening systems, and comply with all applicable federal, state, and local laws, HUD recommended.

As a best practice, according to HUD, tenant screening companies should conduct civil rights monitoring, such as that done routinely by mortgage lenders and others that rely on complex models, to ensure their models comply with the Fair Housing Act. This includes checking inputs for protected characteristics and their close proxies and ensuring constellations of factors are not replicating them. HUD said that even if specific protected characteristics and their more obvious proxies are removed from a model's inputs, machine learning and other forms of AI may compensate for their removal by altering the weights of the remaining factors, thereby recreating the same discriminatory outcomes. Monitoring should also examine whether any datasets used are more inaccurate or incomplete for certain groups than others.

ADVERTISING THROUGH DIGITAL PLATFORMS

Advertisers and online platforms should be aware of the risks of deploying targeting advertisement tools for ads covered by the Fair Housing Act. Violations of the act may occur when certain ad targeting and delivery functions unlawfully deny consumers information about housing opportunities based on the consumers' protected characteristics. Violations of the act may also happen when ad targeting and delivery functions are used, based on protected characteristics, to target vulnerable consumers for predatory products or services, display content that could discourage or deter potential consumers, or charge different amounts for delivered advertisements.

HUD recommended advertisers should:

- Utilize ad platforms that are taking steps to manage the risk of discriminatory delivery of housing-related ads through audience selection tools and algorithmic functions. Before using an ad platform, advertisers should ensure that they obtain the necessary information and disclosures from the ad platform regarding how the platform mitigates these risks.
- Follow ad platform instructions to ensure that advertisements related to housing are identified as such to the ad platform, enabling the appropriate treatment.
- Carefully consider the source and analyze the composition of audience datasets used for custom and mirror audience tools for housing-related ads to mitigate the risk of generating discriminatory target audiences, and make considered use of any tools provided by the ad platform for evaluating the projected demographics of a targeted audience.
- Monitor outcomes of advertising campaigns for housing-related ads, to the extent possible, to identify and mitigate discriminatory outcomes. **NN**

Guidance on Application of the Fair Housing Act to the Screening of Applicants for Rental Housing: https://www.hud.gov/sites/dfiles/FHEO/documents/FHEO_Guidance_on_Screening_of_Applicants_for_Rental_Housing.pdf

Guidance on Application of the Fair Housing Act to the Advertising of Housing, Credit, and Other Real Estate-Related Transactions through Digital Platforms: https://www.hud.gov/sites/dfiles/FHEO/documents/FHEO_Guidance_on_Advertising_through_Digital_Platforms.pdf


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Proposed Rule Aims To Modernize HOME Regulations

On May 29, HUD published a proposed rule in the *Federal Register* to modernize regulations for the HOME Investment Partnerships Program (HOME). All public comments were due by July 29.

HOME provides formula grants to states and units of general local government to fund a wide range of activities to produce and maintain affordable rental and homeownership housing. It provides tenant-based rental assistance for low-income and very low-income households.

According to HUD, the proposed rule would revise the current HOME regulations to update, simplify, or streamline requirements, better align the program with other federal housing programs, and implement recent amendments to the HOME statute. The rule also includes revisions to the regulations for the Community Development Block Grant and Section 8 Housing Choice Voucher Programs consistent with implementing proposed HOME program changes.

According to the fact sheet HUD issued, the proposed rule focuses on eight primary areas: rental housing, tenant-based rental assistance, tenant protections, homebuyer housing, community land trusts, community housing development organizations, maximum per-unit subsidy limits, and green and resilient property standards in HOME-assisted housing.

Through the proposed rule, HUD said it seeks to reduce the burden and increase flexibility for participating jurisdictions and other program participants while adhering to statutory intent and requiring responsible management of State and local HOME programs.

According to the fact sheet HUD issued, the proposed rule focuses on eight primary areas: rental housing, tenant-based rental assistance, tenant protections, homebuyer housing, community land trusts, community housing development organizations, maximum per-unit subsidy limits, and green and resilient property standards in HOME-assisted housing.

Rental Housing: According to HUD, the proposed rule better aligns HOME rental housing requirements with those of other funding sources frequently combined with HOME in rental housing, including implementing Housing and Economic Recovery Act provisions that permit an owner of a HOME-assisted unit receiving rental assistance to charge the permissible Housing Choice Voucher, project-based voucher or project-based rental assistance rent instead of the maximum HOME rent; permit participating jurisdictions to use Public Housing Authority-established utility allowances for HOME rental projects; and for rehabilitation projects, permit participating jurisdictions to accept the completion or ongoing NSPIRE inspections performed for other funders of the project instead of conducting its final inspection at rehabilitation completion or ongoing periodic inspections during project operation.

It permits streamlined or less frequent procedures for small-scale rental housing projects—one to four total units—for reexamination of annual income, tenant selection, and ongoing physical inspections.

Tenant-based Rental Assistance (TBRA): According to HUD, the proposed rule enhances flexibility in HOME TBRA programs to reduce burden, better serve the most vulnerable households, and support wealth building by permitting participating jurisdictions to permit hardship exceptions to tenant minimum rent contributions; reduce the frequency of income determination by requiring income re-determination only at TBRA contract renewal instead of annually; and accept physical inspections performed by other HUD programs using Housing Quality Standards and eventually NSPIRE.

Tenant Protections: According to HUD, the proposed changes strengthen and expand tenant protections through a mandatory HOME lease addendum that imposes a set of uniform tenant protections for HOME-assisted rental housing tenants and HOME TBRA recipients. The expanded tenant protections comprise requirements in five areas: physical condition of the unit and project; use and occupancy of the unit and project; required notice to the tenant; availability of legal proceedings; and protection against retaliation.

Homebuyer Housing: According to HUD, the proposed changes extend the deadline for the sale of HOME-assisted homebuyer housing from nine months to 12 months after construction is completed.

It establishes four model resale formulas to help participating jurisdictions comply with the HOME resale requirements and ensure transparency and fairness to homebuyers. The four resale formulas include fixed rate, itemized, appraisal, and index models.

The proposed rule also permits homebuyer housing acquired with HOME assistance, such as downpayment assistance, for up to six months to meet HOME property standards.

Community Land Trusts: According to HUD, the rule updates the definition of community land trusts (CLTs) and permits qualified organizations to exercise preemptive rights in the event of the resale of a HOME-funded CLT unit.

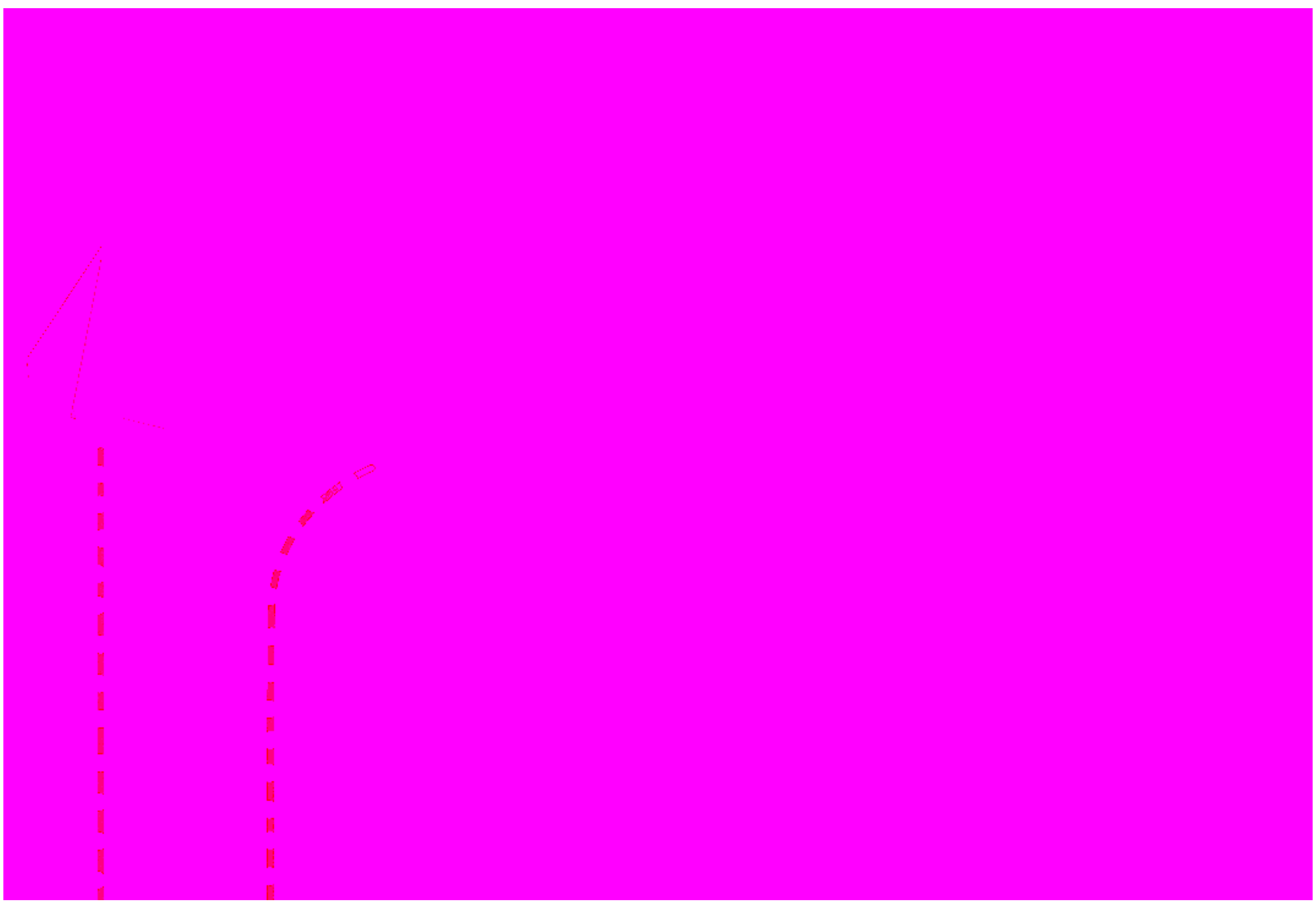
Community Housing Development Organizations (CHDOs): The proposed rule, according to HUD, revises the CHDO definition to simplify the board composition requirements, including permit groups such as Legal Aid, tenants' rights, and other civil rights organizations to count toward the minimum one-third low-income board requirement; permit nonprofit organizations that serve statewide to be a CHDO for a state participating jurisdictions; and narrow the types of officials who count against the one-third public official cap on board membership.

It permits participating jurisdictions to consider the capacity and experience of volunteers who are board members or officers of the organization when determining whether an organization meets the CHDO capacity requirements.

The rule also permits CHDOs acting in the developer and sponsor roles to share the role with another entity that can augment the development team's capacity, provided that the CHDO retains decision-making authority.

Maximum Per-Unit Subsidy: The proposed rule allows HUD to establish its methodology for determining the maximum per-unit subsidy limits via *Federal Register* notice, allowing for periodic changes or adjustments.

Green and Resilient Property Standards: According to HUD, the rule change permits a higher maximum per-unit subsidy limit for projects that meet ambitious, HUD-identified green and resilient building standards that exceed NSPIRE and HUD-established energy efficiency standards. **NN**



Report Shows Shortage Affordable Rental Homes

National Low Income Housing Coalition (NLIHC) released its annual report, *The Gap: A Shortage of Affordable Homes.* According to the press release, the report finds that the lowest-income renters in the U.S. face a shortage of 7.3 million affordable and available rental homes. As a result, nearly three-quarters of renters with extremely low incomes are severely cost-burdened, spending more than half their income on rent and accounting for almost 70% of all severely cost-burdened renters in the U.S. Additionally, the report calls for greater federal investments in the preservation and expansion of the affordable housing stock, more Housing Choice Vouchers to bridge the gap between renters' incomes and rent, and emergency assistance for renters who experience unexpected short-term financial shocks.

According to the executive summary, the U.S. has long faced a significant shortage of affordable rental housing. The shortage is caused by a systemic failure of the private market to serve renters with the lowest incomes, who are disproportionately people of color, seniors, and individuals living with disabilities.

According to the report summary, "Without public subsidy, what renters with extremely low incomes can afford to pay for rent does not cover the development and operating costs of new housing and is often insufficient to incentivize landlords to maintain older housing. At the same time, due to severe underfunding, three out of four households eligible for federal assistance do not receive it.

"The shortage of affordable housing has worsened over the past few years, exacerbated by rising rent prices and job and wage losses during the pandemic.

"Although most economic indicators suggest the economy is recovering, the supply of affordable housing for the nation's lowest-income renters remains deeply inadequate," the summary said.

The key findings of the report include:

- The shortage of affordable rental housing primarily impacts renters with extremely low incomes. Extremely low-income renters in the U.S. face a shortage of 7.3 million affordable and available rental homes, resulting in only 34 affordable and available homes for every 100 extremely low-income renter households.
- The shortage of affordable rental housing is more acute than before the pandemic. Between 2019 and 2022, the shortage of affordable and available rental homes for extremely low-income renters increased by over 480,000.
- Black, Latino, and Indigenous households are disproportionately extremely low-income renters and disproportionately impacted by this shortage. Nineteen percent of Black non-Latino households, 16% of American Indian or Alaska Native households, and 13% of Latino households are extremely low-income renters, compared to only 6% of white non-Latino households.
- Extremely low-income renters are more likely than other renters to spend a large share of their income on rent. Eighty-seven percent are cost-burdened, and 74% are severely cost-burdened. Extremely low-income renters account for nearly a quarter of all renters but 44% of all cost-burdened renters and 69% of severely cost-burdened renters.
- The shortage of affordable and available homes for extremely low-income renters impacts all states and the 50 largest metro areas, none of which have an adequate supply for the lowest-income renters. The current relative supply by state ranges from 14 affordable and available homes for every 100 extremely low-income renter households in Nevada to 57 in South Dakota. Thirty-five of the largest 50 metros have fewer than the national level of 34 affordable and available units for every 100 extremely low-income renters. **NN**

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To read the report, visit https://nlihc.org/gap

Industry Advocates for Housing Priorities

In April, NAHMA was one of the members of an industry coalition that sent members of Congress and the Biden administration a letter outlining several bipartisan policies that can be undertaken to expand the housing supply while lowering costs as they improve housing equity and opportunity.

The coalition recommended that policymakers immediately move forward on measures that would go a long way to increasing the nation's housing supply and alleviate the housing affordability challenges communities across the country face.

The supported measures include:

Yes In My Back Yard (YIMBY) Act: Bipartisan legislation sponsored by Sens. Todd Young (R-IN) and Brian Schatz (D-HI) in the Senate and Reps. Derek Kilmer (D-WA) and Mike Flood (R-NE) in the House of Representatives that would help eliminate discriminatory land-use policies and remove barriers that depress the production of housing. By requiring Community Development Block Grant recipients to report periodically on the extent to which they are eliminating discriminatory land-use policies and promoting inclusive and affordable housing, the YIMBY Act will increase transparency and encourage more thoughtful and inclusive development practices.

Housing Supply and Affordability Act: Bipartisan legislation sponsored by Sens. Amy Klobuchar (D-MN) and Tim Kaine (D-VA) in the Senate and Reps. Lisa Blunt Rochester (D-DE), Brian Fitzpatrick (R-PA), and Joyce Beatty (D-OH) in the House would create a new Local Housing Policy Grant program at HUD to provide grants to local governments to support efforts to expand housing supply.

Eliminate Exclusionary Zoning and Harmful Land Use Policies: For decades, exclusionary zoning laws, such as minimum lot sizes, mandatory parking requirements, and prohibitions on multifamily and manufactured housing, have inflated housing and construction costs and locked families out of areas with more opportunities. The Biden administration has proposed several solutions to reform harmful land-use policies, including initiatives designed to reduce the cost of renting or buying a home while encouraging local governments to change zoning laws to allow the development of more affordable housing. HUD launched the Pathways to Removing Obstacles to Housing (PRO Housing) program, which provides grant funding to jurisdictions taking steps to remove barriers to affordable housing. The PRO Housing grant program resulted from funding included in the Consolidated Appropriations Act, 2023, and based on the Housing Supply and Affordability Act and the Yes In My Backyard Act. President Biden included a new grant called the Unlocking Possibilities Program that would award flexible and attractive funding to jurisdictions that take concrete steps to eliminate such needless barriers to producing affordable housing.

HOME Investment Partnerships Reauthorization and Improvement Act: Legislation from Sen. Cortez Masto (D-NV) in the Senate and Reps. Joyce Beatty (D- OH) and John Garamendi (D-CA) in the House that would reauthorize the HOME Investment Partnerships Program, increase the authorized funding level to $5 billion and make several needed program improvements.

Build More Housing Near Transit Act: Bipartisan legislation led by Reps. Scott Peters (D-CA) and McMorris Rodgers (R-WA) in the House and Sens. Brian Schatz (D-HI) and Mike Braun (R-IN) in the Senate that would direct the Department of Transportation to incentivize local governments to promote housing development and regional growth in and around the transit corridors.

The Choice in Affordable Housing Act: Bipartisan legislation introduced by Sens. Chris Coons (D-DE) and Kevin Cramer (R-ND) in the Senate and Reps. Emanuel Cleaver (D-MO) and Lori Chavez-DeRemer (R-OR) in the House that would address many overlapping and redundant programmatic procedures that have deterred owners and operators from participating in the Section 8 Housing Choice Voucher Program. The bill enjoys broad support from both housing advocates and housing providers.

Manufactured Housing Affordability and Energy Efficiency Act: Bipartisan legislation introduced by Reps. Terri Sewell (D-AL) and David Kustoff (R-TN) would reaffirm HUD's primary role in the manufactured housing construction code and streamline processes for the timely adoption of future updates to the code. The letter said that clarifying regulatory roles and providing updates long endorsed by manufactured housing experts are among the best ways Congress can promptly boost the supply of more energy-efficient, affordable homes.

The Rural Housing Service Reform Act: Bipartisan legislation introduced by Reps. Blaine Luetkemeyer (R-MO) and Emanuel Cleaver (D-MO) in the House that would provide for structural improvements for several programs administered by the USDA's Rural Development (RD) agency. Specifically, the legislation would allow for decoupling the Section 521 Rental Assistance (RA) program when the Section 515 mortgage loan expires. While RD has been given authority in fiscal year 2024 to implement a demonstration program for 1,000 units in properties where a mortgage will expire, the bill would permanently allow decoupling and allow RA to continue on the properties, preserving an essential source of housing for low-income residents in rural communities throughout the country.

The coalition also encouraged Congress to consider the following tax proposals that significantly influence housing affordability.

Affordable Housing Credit Improvement Act: Bipartisan legislation introduced by Sens. Maria Cantwell (D-WA), Todd Young (R-IN), Ron Wyden (D-OR), and Marsha Blackburn (R-TN) in the Senate and Reps. Darin LaHood (R-IL), Suzan DelBene (D-WA), Brad Wenstrup (R-OH), Don Beyer (D-VA), Claudia Tenney (R-NY), and Jimmy Panetta (D-CA) in the House that would expand and strengthen the Low-Income Housing Tax Credit (LIHTC) program.

Workforce Housing Tax Credit Act: Bipartisan legislation introduced by Sens. Ron Wyden (D-OR) and Dan Sullivan (R-AK) in the Senate and Reps. Jimmy Panetta (D-CA) and Mike Carey (R-OH) in the House that would establish a new tax credit to produce affordable rental housing for households earning 100% or less of the area median income. The Workforce Housing Tax Credit Act, which is modeled on the successful LIHTC, would address the housing shortage for individuals who comprise the fabric of strong communities nationwide, including teachers, firefighters, nurses, and police officers whose wages are not keeping pace with costs.

Incentivize Conversion of Underutilized Commercial Properties: Given the nation's shortage of affordable rental housing, many are considering turning unused and underutilized commercial real estate structures, including offices, hotels, and retail spaces, into housing. Not only would such repurposing help address the nation's housing supply challenge, but it would also create jobs and boost local property tax revenues. Last Congress, Sens. Debbie Stabenow (D-MI) and Sherrod Brown (D-OH) introduced the Revitalizing Downtowns Act that would provide a 20% tax credit to convert office buildings into other uses, including residential use. Rep. Jimmy Gomez (D-CA) introduced the legislation in the House of Representatives this Congress. According to the letter, the real estate industry is working with lawmakers on both sides of the aisle to improve the measure and ensure bipartisan support. The enhancements would enable other types of commercial properties, for example, shopping centers and hotels, to qualify for the tax incentive, ensure real estate investment trusts could utilize the benefit, and clarify that the credit does not reduce other tax benefits, including the LIHTC.

The coalition recommended that policymakers immediately move forward on measures that would go a long way to increasing the nation's housing supply and alleviate the housing affordability challenges communities across the country face.

Revitalize and Enhance Opportunity Zones to Incentivize Rehabilitation of Housing Units: The industry said they expect the Opportunity Zones program to be beneficial in spurring the production of new multifamily housing to maximize the potential of Opportunity Zones fully. Congress should:

- Enable states to recertify and/or redesignate Opportunity Zones to account for current economic realities and changes since zones were originally designated; and
- Establish new investment deadlines so that taxpayers are incentivized to receive a longer deferral period and the potential for a 10% or 15% basis increase concerning reinvested capital gains.

The program could also be improved to incentivize rehabilitating existing multifamily units. Statutory modifications could be made to reduce the basis increase necessary to qualify a multifamily rehabilitation project for Opportunity Zone purposes, the letter said. **NN**

Residents Delight in Making Imaginations Grow

Lily Morway, 16, a 10th grader from Worcester, Mass., has been named the grand prizewinner in NAHMA's 2024 AHMA poster and art contest. The talented artist's creation will appear on the cover of the 2025 NAHMA Drug-Free Kids calendar. Lily also receives an all-expenses-paid trip to Washington, D.C., for a future NAHMA conference and a scholarship of $2,500 from the NAHMA Educational Foundation.

The poster contest is open to children and senior residents 55 years or older who live in a community of a NAHMA- or a local AHMA-member company, as well as residents with special needs who live in a permanent supportive housing community or Section 811 community of a NAHMA- or a local AHMA-member company.

The underlying message for the annual contest is always a drug-free theme. Still, NAHMA wanted to open the door for more avenues of expression, so a subtheme was incorporated into the poster contest. The subtheme for the 2024 art contest was *Dig Into a New Day: Our World Is a Garden of Delights.*

Typically, the contest draws hundreds of participants nationwide.

Regardless of entry category, each national winner of the NAHMA contest receives a $1,000 educational scholarship from the NAHMA Educational Foundation. All winners are also featured as their own month in the 2025 calendar.

Additionally, participants in the annual art contests held by the local AHMAs are eligible to be selected as Regional AHMA Art Contest Honorable Mentions. Those chosen for this distinction will have their artwork featured in a special section of the NAHMA 2025 Drug-Free Kids Calendar and receive a $100 scholarship. These participants are in addition to those selected as national winners.

The original winning grand-prize artwork will be part of the auction at the Educational Foundation fundraising gala in October, with the proceeds supporting the foundation's scholarship program.

For the contest, the artwork is divided into categories with winners selected from each of the following: kindergarten-first grade, second-third grades, fourth-sixth grades, seventh-ninth grades, 10th-12th grades, and seniors and residents with special needs. Only students are eligible for the grand prize.

NAHMA will begin presales for the calendars in August, with a September delivery. The order form is available for download on the Drug-Free Kids Calendar Contest Overview webpage at www.nahma.org. The calendar costs $5.50, which is a HUD and USDA allowable project expense. **NN**

The following lists this year's national program winners, with their ages at the time of submission, grade completed in June 2024/contest category, the community where they live, the management company and name of the AHMA that submitted their artwork:

GRAND PRIZEWINNER

Lily Morway, 16; 10th grade; Stratton Hill Park, Worcester, Mass.; Beacon Communities LLC; NEAHMA

NATIONAL WINNERS

Haneen Amer, 17; 12th grade; Winteringham Village, Toms River, N.J.; The Michaels Organization; JAHMA

Jeremiah Bonner, 8; Second grade; Plaza Manor, Jacksonville, N.C.; Westminster Company; SAHMA

Janette Flowers, 71; Seniors & Residents with Special Needs; Wesley at Murray, Murray, Ky.; Wesley Living; SAHMA

Ravnoor K. Heyer, 10; Fourth grade; Los Robles Apartments, Union City, Calif.; EAH Housing; AHMA-NCH

Denise Julian, 62; Seniors & Residents with Special Needs; Greenwoods, Brockton, Mass.; First Realty Management; NEAHMA

Gabriella Koranteng, 8; Third grade; Stratton Hill Park, Worcester, Mass.; Beacon Communities LLC; NEAHMA

Kaya Lopez, 14; Eighth grade; Council Groves Apartments, Missoula, Mont.; Tamarack Property Management Co.; Rocky Mountain Heartland AHMA

Joeliz Mateo Torres, 16; Ninth grade; Res. Rafael Hernandez, Mayaguez, Puerto Rico; J.A. Machuca & Associates, Inc.; SAHMA

Lizandra Montero, 16; 11th grade; Lakeside Towers, Miami, Fla.; Royal American Management; SAHMA

Dylan Newton, 11; Sixth grade; Ten Fifty B Apartments, San Diego, Calif.; Solari Enterprises, Inc.; AHMA-PSW

Noah Said Rodriguez-Garcia, 6; Kindergarten; Res. Las Americas, Lajas, Puerto Rico; J.A. Machuca & Associates, Inc.; SAHMA

Sabaythip Siriphone, 57; Seniors & Residents with Special Needs; Ten Fifty B Apartments, San Diego, Calif.; Solari Enterprises, Inc.; AHMA-PSW

Valentina Villarreal, 7; First grade; Casa Imperial, Calexico, Calif.; Solari Enterprises, Inc.; AHMA-PSW

HONORABLE MENTIONS

Marie Crouch, 63; Seniors & Residents with Special Needs; Charles Major Manor, Shelbyville, Ind.; Retirement Housing Foundation; MAHMA

Treyvon Dones, 13; Eighth grade; Moorhead Manor, Moorhead, Miss.; The Michaels Organization; SAHMA

Ruby Lopez, 12; Sixth grade; Council Groves Apartments, Missoula, Mont.; Tamarack Property Management Co.; Rocky Mountain Heartland AHMA

Hailey Richardson, 15; Ninth grade; Bavarian Manor, New Braunfels, Texas; Prospera Housing and Community Services; SWAHMA

Patricia Ruskin, 70ish; Seniors & Residents with Special Needs; Beechview Manor, Pittsburgh, Penn.; Christian Housing, Inc.; PAHMA

Maria Zendejas, 59; Seniors & Residents with Special Needs; Casa Imperial, Calexico, Calif.; Solari Enterprises, Inc.; AHMA-PSW

118 NAHMA Scholars Selected in 2024

In July, the NAHMA Educational Foundation announced the selection of 118 scholarship recipients for the 2024/2025 school year. Also, the foundation will be making its annual $2,000 scholarship donation to the Department of Apparel, Housing, and Resource Management at Virginia Tech to be given to a student enrolled in the property management major course of study. With each individual scholarship worth $3,500, combined with the Virginia Tech donation, the total amount of funds to be distributed this year is $415,000. This year's NAHMA scholars live in 20 states and represent 13 AHMAs.

Diversity and involvement are two characteristics that best describe this group of scholarship recipients. They are active in co-curricular and community-based activities and come from various backgrounds. The students are committed to improving their respective communities through their volunteer and community service participation. All of the scholars are resolute in their diligent efforts to complete the requirements to earn their undergraduate degrees.

"Increasing the number of scholarships awarded in 2024 was a goal of the NAHMA Educational Foundation, and our completed applications were up 23%. Thus, we were able to award more scholarships than in 2023. The ability to escalate the number of scholarships to $3,500 apiece is a direct result of the continuing generosity of our donors and sponsors. We want to extend our sincere gratitude and appreciation to them. The total amount of money awarded this year is $27,000 more than in 2023. The foundation wants to congratulate all of these outstanding students for their academic excellence, community involvement and efforts to complete their undergraduate degree," said Anthony Sandoval, NAHMA Educational Foundation chairperson, when announcing the selections.

The foundation wants to congratulate all multifamily communities, management companies and AHMAs throughout the United States that have 2024 NAHMA scholars in residence. The entire list of 2024 recipients will be published in an upcoming edition of the *NAHMA News*. Many thanks are extended to everyone for promoting the scholarship program to your residents this year. Applicants benefit greatly from the help and assistance you provide. That steadfast and unwavering support is a hugely important component of making the scholarship program so successful over the last 18 years. Anyone with questions or seeking additional information should contact Dr. Bruce W. Johnson, NAHMA scholarship program administrator, at bjohnson@tmo.com. **NN**

"Increasing the number of scholarships awarded in 2024 was a goal of the NAHMA Educational Foundation, and our completed applications were up 23%. Thus, we were able to award more scholarships than in 2023."

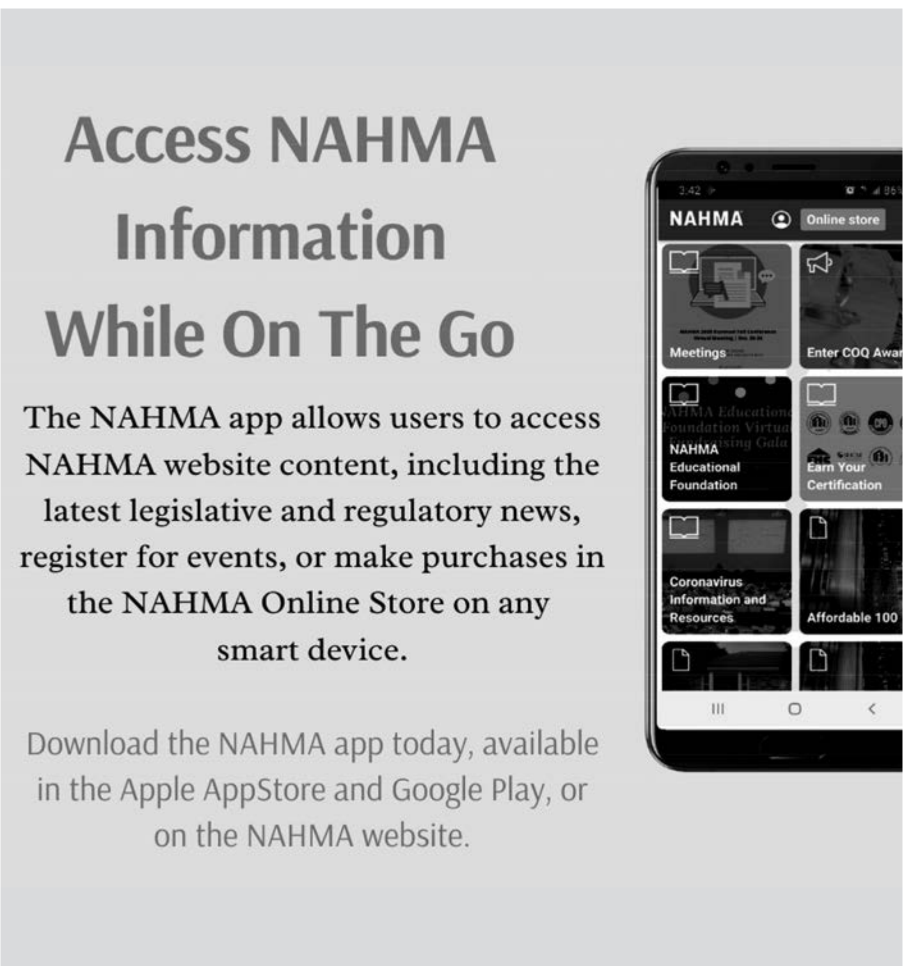
TO READ THE NOTICES below in their entirety, visit the issuing agency's webpage under the Agencies tab at nahma.org.

HUD NEWS

HUD'S OFFICE OF MULTIFAMILY HOUSING PROGRAMS HAS LAUNCHED A NEW SERIES OF RECORDINGS to help owners of HUD-assisted multifamily housing properties and other stakeholders apply for the Low-Income Communities Bonus Credit Program under Category 3 (Qualified Low-Income Residential Project). The first two recordings, which feature two owners approved for this bonus credit in 2023 for several of their properties, are now available to assist applicants in preparing an application. They include a recording focused on 'General Application Tips' and a follow-up recording focused on providing information on preparing the Draft Benefits Sharing Statement, a required component of the Category 3 application.

HUD will produce additional recordings to add to this 'playlist' to provide owners and other stakeholders with more introductory information on this program.

THE FISCAL YEAR (FY) 2023 SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY (Section 202) Notice of Funding Opportunity (NOFO) Toolkit is available at https://www.hudexchange.info/resource/7114/fy-2023-section-202-nofo-toolkit/. The toolkit is an optional resource for organizations preparing an FY 2023 Section 202 NOFO application. It allows applicants to evaluate how the scored components of their application(s) align with the NOFO. Outcomes provided by the toolkit are for informational purposes only. The FY 2023 Section 202 NOFO is the prevailing document.



MORE THAN 700 PROPERTIES HAVE ALREADY SIGNED UP FOR HUD'S MULTIFAMILY BENCHMARKING INITIATIVE, providing no-cost energy and water benchmarking services to eligible HUD-assisted properties. Funded over $40 million from the President's Inflation Reduction Act, this initiative supports efforts to lower energy costs while promoting climate resiliency, preservation, and sustainability in the nation's housing supply.

To get started, visit https://www.hud.gov/GRRP/Benchmarking or send your property information to mfbenchmarking@hud.gov.

MFH OWNERS' TENANT SELECTION PLANS (TSPS) AND ENTERPRISE INCOME VERIFICATION (EIV) POLICIES AND PROCEDURES were required to be updated and made publicly available by May 31 as stated in the HOTMA Implementation Notice (Notice H 2023-10) and Notice H 2024-04, which outline the requirements for compliance with Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA). The updated TSPs and EIV Policies and Procedures must reflect HOTMA rules and discretionary policies, which can be found in the HOTMA Implementation Notice. For the benefit of MFH Owners in updating their TSPs, the Office of Multifamily Housing Programs has created a Discretionary Tenant Selection Plan and EIV Policies Guide that mirrors the discretionary authority given to owners in the HOTMA Implementation Notice.

If you have any further questions, contact MFH_HOTMA@hud.gov.

USDA NEWS

THE USDA RURAL DEVELOPMENT ANNOUNCED that it is seeking applications for grants to repair or rehabilitate homes, rental properties or cooperatives for people in rural areas with low or very low incomes. The deadline was July 29. USDA provides funding through the Housing Preservation Grant program. **NN**

upclose & personal

WITH SANDY GARABEDIAN
BY JENNIFER JONES

Garabedian Continues To Have An Impact After Retirement

SANDY GARABEDIAN HAS BEEN involved in housing for over 40 years, with about 35 years at the Housing Authority of the City of Salem (SHA) in Salem, Oregon. Additionally, she has been involved in Oregon AHMA for approximately 20 years. At the end of 2014, she retired from her job with the city due to her husband being diagnosed with Parkinson's disease.

She has continued to be involved in housing as a private consultant when time allows while also continuing to serve on the Oregon AHMA Board of Directors as its president.

> "My reason for continuing to be involved in Oregon AHMA, after my official retirement from SHA, is truly because I have a heart for the clients we serve. I believe in what we do, but I also understand that in order to provide the housing and/or assistance that we do, we must be good stewards of the funding we receive."

During Garabedian's years at the SHA, she served as the compliance manager for most of her career there; however, she started there as a clerk and moved up into management. Garabedian also performed duties that included working reception; placing applicants into the various housing programs; overseeing compliance for all housing programs administered by SHA, including Section 8 Certificate Program, Housing Choice Voucher Program, Public Housing; LIHTC, HOME, Moderate Rehabilitation program, Section 8 Project-Based Program, 202/8, to name a few; and managing affordable housing programs/properties while continuing to oversee compliance for all programs.

"I enjoyed the challenge, especially as more funding streams were added to new developments. In 1996/1997, I was responsible for bringing one of the first LIHTC projects online, a feat that I am still very proud of," she said.

As the compliance manager for SHA, she trained the housing authority staff, developed/updated the Tenant Selection Plans/Statements of Policies, developed and implemented in-house procedures to ensure all of the various funding rules/regulations were being followed and performed audits of agency programs, including tenant files; to ensure we were compliant with all programs.

"My reason for continuing to be involved in Oregon AHMA, after my official retirement from SHA, is truly because I have a heart for the clients we serve," Garabedian said. "I believe in what we do, but I also understand that in order to provide the housing and/or assistance that we do, we must be good stewards of the funding we receive. So, by continuing to be involved in Oregon AHMA, I am able to have an impact by assisting in providing training to Oregon AHMA members to be good stewards of the funding they receive while also making sure those they serve are eligible for the housing they are seeking and/or residing in." **NN**

Jennifer Jones is senior director of communications and public relations for NAHMA.

Welcome New Members

NAHMA welcomes the following new members as of Aug. 5, 2024.

AFFILIATES

Nick Oberhouse, DAWGS Vacant Property Security, Chicago, Ill.

EXECUTIVES

Joe Largey, National Church Residences, Columbus, Ohio

NAHMANews

National Affordable Housing Management Association
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Alexandria, VA 22314
www.NAHMA.org

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PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

the last word

Consider Supporting the Scholarship Program

THE NAHMA EDUCATIONAL FOUNDATION scholarship program for 2024 has come to a close, and the ?? recipients are in the process of being notified as of this writing. Thanks to the generosity of NAHMA members, $???,??? will be distributed this year. You can read more about the program on Page 29 of this issue.

I believe all NAHMA members join me in congratulating the foundation scholarship recipients and wish them well in their future endeavors.

While the public-facing portion of the scholarship program has concluded for this year, fundraising is a year-round effort. The NAHMA Educational Foundation will celebrate its 30th anniversary while raising funds for its scholarship program during its annual Inspire Gala on Oct. 24 in Washington, D.C. Sponsorship opportunities are available for the yearly fundraising event that finances scholarships for residents of affordable housing.

The foundation returns to The Hamilton Live, 600 14th St. N.W., for the gala. The event features live entertainment from The Onyx Band, a sit-down dinner, and a live and silent auction consisting of the Drug-Free Kids Calendar posters, trips, jewelry, and other items.

A highlight of the evening will be the presentation of the Inspiration Award, which recognizes individuals or organizations for their longtime commitment to advancing educational opportunities for those working within the affordable housing industry and the residents they serve.

The gala occurs during the NAHMA fall meeting activities in Washington, D.C.; however, a separate ticket from the NAHMA October meeting registration is required to attend the fundraiser. I hope you will all join me at this fun and one-of-a-kind event.

The annual benefit supports the scholarship fund for the NAHMA Educational Foundation, a 501(c)(3) nonprofit corporation dedicated to furthering the educational opportunities of residents living at an AHMA member property.

I ask that NAHMA members consider sponsoring the gala or donating to the scholarship program.

Visit NAHMAEDU.givesmart.com to donate, purchase event tickets, view auction items, and receive updates on the event. For more information, please contact NAHMA Educational Foundation Board member Stefanie Lee by emailing nahmaedfoundation@nahma.org or calling 919-645-9825. **NN**

Larry Sisson, FHC, SHCM, NAHP-e, CGPM, is president of TESCO Properties Inc. and serves as chair of the NAHMA Board of Directors.

While the public-facing portion of the scholarship program has concluded for this year, fundraising is a year-round effort.