NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

NAHMANews

September October 2024

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

IN THIS ISSUE

FY 2025 Appropriations Actions, So Far

In July, the Appropriation committees of both chambers of Congress approved their respective Fiscal Year (FY) 2025 bills for Transportation, Housing and Urban Development, and Related Agencies (THUD) funding. The Senate Appropriations Committee also advanced its proposed FY 2025 U.S. Department of Agriculture spending bill.

The next steps would typically involve the different committee bills going before their respective full chambers for a vote, followed by reconciling the two bills into one. However, with the clock ticking on the current fiscal year, which ends Sept. 30, and it being an election year, Congress is expected to pass a continuing resolution through early December to keep the government operating until after the elections.

At the time of publication, Congress is expected to pass a continuing resolution through early December to keep the government operating until after the elections.

SENATE FY 2025 HUD APPROPRIATIONS BILL

On July 25, the Senate Appropriations Committee held a full committee markup of three FY 2025 appropriations bills, including the THUD proposal, which provides crucial resources for HUD housing and community development programs. It was favorably voted out of committee with a 28-1 vote.

Proposed Funding for HUD Programs	FY 2024 Current Year	FY 2025 Budget Request	FY 2025 House Proposed	FY 2024 Senate Proposed
Tenant-Based Rental Assistance	$32,400	$32,800	$31,300	$35,260
Project-Based Rental Assistance	$16,010	$16,686	$16,600	$16,654
Section 202	$913	$931	$931.4	$1,046
Section 811	$208	$257	$256.7	$256.7
Community Development Block Grant	$3,300	$2,290	$3,300	$3,300
HOME Investment Partnerships Program	$1,250	$1,250	$500	$1,425

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inside nahma BY KRIS COOK, CAE

Join the Conversation

WITH THE OCTOBER MEETING, NAHMA will be "soft launching" its recently revamped NAHMA Leaders Talk Trends. Instead of being a once-a-year digital newsletter asking members about the pressing issues for the upcoming new year, the relaunched Trends has been transformed into a real-time community forum where members can interact, pose questions, and generally share information.

The new Trends will require your members-only NAHMA website login to access the link to take you to the Trends forum. You will be able to create your own login for the Trends forum.

Each NAHMA Committee is set up as a Category. Members can post under the categories that interest them and add tags to their posts to make it easier for participants to find the topics that interest them.

The format will be familiar to anyone who currently uses social media, including having the ability to use emojis and reply or link to posts. You can also flag, edit or bookmark posts. There are also opportunities to interact with fellow posters and set notification preferences.

AWARDS NOMINATIONS NEEDED

As a reminder, 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.

...the relaunched Trends has been transformed into a real-time community forum where members can interact, pose questions, and generally share information.

The committee proposed a substantial $78.2 billion in programmatic funding for HUD, marking a notable increase compared to the House Appropriations Committee. Key allocations in the bill include $16.654 billion for Project-Based Rental Assistance (PBRA), reflecting an increase of $690 million above FY 2024.

It consists of a policy provision titled "Improving Properties with Health, Safety, or Operational Deficiencies," which allocates $10 million for HUD to provide budget-based rent adjustments to PBRA contracts renewed through the mark-to-market program. These funds assist distressed PBRA properties already at market-rate rents but require additional capital for rehabilitation or replacement. To further support these properties, the committee provided $25 million for HUD to make direct loans to owners of such PBRA properties.

The Section 202 program, which supports housing for the elderly, is allocated $1.046 billion, an increase of $133.4 million above FY 2024. This amount includes $115 million for new capital advances and Project Rental Assistance Contracts, alongside $115 million to fund the renewal of existing service coordinators.

The Section 811 program, aimed at housing for persons with disabilities, receives $256.7 million, marking an increase of $48.7 million above FY 2024.

Additionally, the bill allocates $35.260 billion for Tenant-Based Rental Assistance, which is $2.9 billion more than FY 2024. The HOME Investment Partnership program is set to receive $1.425 billion, a $175 million increase from FY 2024. The Community Development Block Grant is maintained at $3.3 billion, consistent with FY 2024 levels.

SENATE FY 2025 USDA-RHS FUNDING BILL

Also, in July, the Senate Appropriations Committee approved an FY 2025 funding bill that would maintain most of USDA-RHS programs at the FY 2024 funding levels. Key RHS program-level funding includes:

- **Decoupling Pilot Program Expansion:** The Senate bill seeks to expand the decoupling pilot for Section 515 properties, allowing them to continue receiving Section 521 Rental Assistance after their mortgages are paid off. The proposal would increase the number of units eligible for decoupled rental assistance from 1,000 to 5,000. The House bill supports continuing the pilot but retains the cap at 1,000 units.
- **Section 542 Voucher Program:** The bill allocates $38 million to renew already-issued vouchers, ensuring continuity for tenants. Additionally, the administration's decoupling proposal aims to provide Section 521 Rental Assistance to most tenants in USDA-financed rental properties where mortgages end or are paid off. An extra $20 million is included in the HUD tenant protection vouchers account. These funds are designated for new vouchers for USDA-property tenants who cannot refinance, participate in multifamily preservation and rehabilitation options, or decouple.

The Senate's funding bill reflects a mixed approach that preserves many existing funding levels. The expansion of the decoupling pilot highlights a significant effort to maintain rental assistance for properties transitioning out of their mortgage terms.

Proposed Funding for RHS Programs	FY 2024 Current Year	FY 2025 Budget Request	FY 2025 House Proposed	FY 2025 Senate Proposed
515 MF Direct Loans	$60	$70	$48	$65
521 Rental Assistance	$1,608	$1,690	$1,684	$1,691
533 Housing Preservation Grants	$10	$16	$8	$10
538 MF Guaranteed Loans	$400	$400	$400	$400
542 Vouchers	$48	$38	$54	$50.4
Rental Preservation Demo (MPR)	$34	$90	$28	$36

FIGURES EXPRESSED IN MILLIONS

HOUSE APPROPRIATIONS FY 2025 THUD FUNDING BILL

The House Appropriations Committee met to consider its FY 2025 THUD Appropriations Act on July 10. The committee approved the measure with a vote of 31-26. The bill proposes significant cuts for HUD programs, reflecting a strategic reallocation of funds across various programs.

The bill sets HUD's total funding at $64.827 billion, a reduction of $5.242 billion from the FY 2024 enacted level. The notable adjustments in funding levels include:

- **Tenant-Based Rental Assistance:** The allocation remains stable at $32.3 billion, roughly matching FY 2024 levels but falling $500 million short of the president's budget request. This stability ensures the continuation of rental assistance for low-income families but does not address the growing demand for vouchers.
- **Project-Based Rental Assistance:** The bill increases funding to $16.6 billion, up $500 million from FY 2024,

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aligning with the president's request.

- **Section 202 Housing for the Elderly:** Funding rises slightly to $931.4 million, an $18 million increase from FY 2024 and is similar to the president's request.
- **Section 811 Housing for Persons with Disabilities:** The program receives $256.7 million, $39 million more than FY 2024, on par with the president's budget.
- **Community Development Block Grant:** Funding holds steady at $3.3 billion, $370 million above the president's request.
- **HOME Investment Partnerships Program:** The most significant cut is to the HOME program, slashed to $500 million, a reduction of $750 million from both the FY 2024 level and the president's request. This drastic cut would be a setback for affordable housing construction and rehabilitation efforts.

The bill also directs HUD to initiate a new competition for Performance-Based Contract Administration awards on a state-by-state basis, renewable every seven years. The move aims to enhance the efficiency and effectiveness of administering Project-Based Rental Assistance by involving public housing agencies and housing finance agencies with proven experience.

The significant cut to the HOME program and other HUD programs raises concerns about the future of affordable housing development amid an ongoing housing crisis. The overall reduction in HUD's budget could strain resources needed to effectively tackle the nation's housing affordability challenges.

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PROPOSED FY 2025 PRESIDENTIAL BUDGET

President Joe Biden proposed new spending for affordable housing programs in March as part of the administration's FY 2025 budget.

The administration's budget proposes $72.6 billion for HUD, which is about $4.9 billion more than the $67.7 billion in funding provided in FY 2024. In addition, the proposed budget requests $185 billion over 10 years for new mandatory affordable housing investments, including $81.3 billion for HUD programs. A majority of the proposed president's budget provides funding for rental assistance, community development, and homelessness programs.

For 2025, 87% of HUD's total budget is needed solely to renew assistance to over 4.5 million households in HUD-subsidized rental assistance and 1.2 million people in HUD homeless assistance programs.

For the 4.5 million households served under HUD's rental assistance programs in 2023, an estimated 60% had a head of household who was elderly or disabled; 78% were extremely low-income (below 30% of area median income); and an additional 18% were very low-income (below 50% of area median income). **NN**

BY LARRY KEYS

Housing as a Campaign Issue; Senator Releases Comprehensive Housing Legislation

IF THERE IS ANY POSITIVE TO TAKE from this relentless election year, it is the fact that housing is a major issue. This Washington Update highlights where both presidential candidates stand on housing and recently released housing legislation from Sen. Tim Scott (R-S.C.).

HARRIS' PROPOSAL: AFFORDABLE RENT AND HOMEOWNERSHIP

Vice President Kamala Harris, the Democratic candidate, emphasizes a comprehensive approach to making both rent and homeownership more affordable. Harris pledges to build 3 million new affordable rental units and homes in her first term. Her proposal includes cutting bureaucratic red tape to speed up construction. Harris has also promised to provide first-time homebuyers down payment assistance, with special support for first-generation homeowners. Her focus is on expanding affordable housing options, controlling rising rents, and creating pathways to homeownership, particularly for middle-class families and underrepresented groups.

TRUMP'S PROPOSAL: BRINGING BACK AFFORDABLE HOUSING

Former President Donald Trump, the Republican candidate, has a different approach focused on economic growth and deregulation. Trump's plan aims to reduce mortgage rates by cutting inflation and opening limited federal lands for new home construction. The Republican platform also includes promoting homeownership through tax incentives and slashing regulations that increase construction costs. Additionally, his immigration policy proposes ending "luxury housing" for undocumented immigrants to support homeless veterans.

SENATOR SCOTT INTRODUCES COMPREHENSIVE HOUSING LEGISLATION

In other news, Scott introduced the "ROAD to Housing Act," a comprehensive bill aimed at reforming the U.S. housing market and addressing affordable housing shortages across the nation.

Key Pillars of the ROAD to Housing Act include:

1. **Safety and Soundness:** Introducing stronger congressional oversight of federal housing programs.
2. **Encouraging Competition and Innovation:** Promoting local solutions to housing problems by encouraging private sector innovation to meet the diverse housing needs of communities, from rural areas to urban centers.
3. **Providing Housing Opportunity and Combating Homelessness:** Reducing homelessness by incentivizing housing providers and communities that actively decrease homelessness rates and improve access to self-sufficiency for struggling families.
4. **Reducing Regulatory Burdens and Accountability:** Streamlining regulatory processes that often hinder the creation of new affordable housing.

Below is a sectional breakdown:

Sec. 101. Reforms to Housing Counseling and Financial Literacy Programs: Requires HUD to distribute housing counseling assistance in a geographically diverse manner, prioritizing organizations in areas with high foreclosure rates. It also establishes an ongoing review process for housing counselors working with Federal Housing Administration (FHA)-insured borrowers, allowing HUD to retest or suspend underperforming counselors. Counseling services will be available for delinquent borrowers under FHA, USDA, or Veteran Affairs programs, with the cost of FHA borrower counseling covered by the FHA insurance fund.

Sec. 201. Rental Assistance Demonstration Program: Removes the cap on public housing units that can be converted under the Rental Assistance Demonstration program, allowing private investment in public housing.

Sec. 301. Authorization of Moving to Work Program: Authorizes the Moving to Work (MTW) Program, requiring HUD to evaluate housing reforms from MTW participants and identify replicable models that improve efficiency and outcomes for families.

Sec. 302. Promoting Self-Sufficiency: Tasks HUD with studying the impact of work requirements for HUD-assisted residents under the MTW Program, ensuring no low-income families are negatively impacted.

Sec. 401. Homelessness Reforms: Allows HUD to set aside 10% of Continuum of Care and Emergency Solutions Grants Program funds for grantees that measurably improve outcomes for homeless individuals.

Sec. 501. Opportunity Zone Priority: Directs HUD to prioritize competitive grants for housing construction or preservation in communities designated as Opportunity Zones

While unlikely to pass this Congress, the legislation introduces sweeping reforms aimed at improving access to housing, enhancing financial literacy, and reducing homelessness, all while increasing transparency and accountability in federal housing programs. **NN**

Larry Keys Jr. is vice president of government affairs for NAHMA.

BY STEPHANIE NAQUIN

Income Certification Considerations for Existing Tenants in Acq/Rehab vs. LIHTC Resyndication

THE LOW-INCOME HOUSING TAX Credit (LIHTC) incentive can be used for new construction, acquisition and rehabilitation of a building. Under the acquisition/rehabilitation (acq/rehab) activity, owners acquire existing buildings and rehabilitate them.

When a building is acquired, there are often existing tenants. Navigating compliance requirements depends on whether the acquired building is already bound by a LIHTC extended-use agreement, which is commonly referred to as a resyndication. Resyndication is a subset of the acquisition/rehabilitation activity, but the practicality of how to approach the existing tenants at the time of acquisition differs.

For a low-income apartment to be compliant for the purposes of LIHTC delivery, the apartment must be income- and rent-restricted, and suitable for occupancy. When there are existing households occupying an apartment at the time of acquisition, establishing income eligibility is the first challenge. With existing tenants, there is no physical move into the apartment, but there still needs to be a date as of when the apartment was determined to be income eligible. The process for verifying income eligibility depends on whether the project is a traditional acq/rehab or a resyndication.

TRADITIONAL ACQ-REHAB APPROACH

In a traditional acq/rehab, the owner acquires a building that is usually occupied where the gross income of the tenants in the apartments is either not known or has been determined for a program other than LIHTC. The new owner must document the existing tenants' incomes and certify them for the LIHTC incentive (i.e., the tenant income certification). If a tenant income certification is executed within 120 days before or after the date of acquisition, the effective date of the tenant income certification is the date of acquisition; otherwise, the household is treated as a new move-in and the tenant income effective date is the date that the last adult household member signs the certification.

Example: A building is acquired March 1, 2024, with an allocation of LIHTCs in 2024. One hundred and twenty days from the date of acquisition is June 29, 2024 (March 1 + 120 days).

Apartment 101: The existing household in Apartment 101 moved in July 1, 2015, and completed the tenant income certification May 30, 2024. Because the tenant income certification was executed within 120 days of date of acquisition, the LIHTC effective date for Apartment 101 is March 1, 2024.

RESYNDICATION APPROACH

For a resyndication, an allocation of LIHTCs was made in a prior year and, as a result, the building being acquired is already subject to a LIHTC extended-use agreement. This means that, unlike a traditional acq/rehab, when tenants move in, a tenant income certification was executed to support LIHTC income eligibility. Section IV of the Internal Revenue Service (IRS) Guide to Completing Form 8823, Part J.3 related to Previously Income-Qualified Household states (starting on page 73):

Households determined to be income-qualified for purposes of the IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the +30-year extended use agreement. As a result, any household determined to be income qualified at the time of move-in for purpose of the extended use agreement is a qualified low-income household for any subsequent allocation of IRC §42 credit.

The logic is that the extended-use agreement for the original LIHTC allocation requires that the owner make a long-term commitment to maintain the building as low-income. In doing so, the owner must maintain the building's applicable fraction throughout the term of the agreement. When a new allocation of LIHTCs is then layered on, the existing tenant population is already LIHTC certified. The initial income certification was performed when the household moved in.

To continue with the above example and use the same date of acquisition of March 1, 2024, but now viewed through the lenses of a resyndication: Apartment 101 was initially income certified July 1, 2015 (at move in). That means Apartment 101 was LIHTC certified when the building was acquired because of the extended-use agreement in effect for the prior LIHTC allocation. This course of action is referred to as "grandfathering" in a tenant's income eligibility. No further action is needed at the time of acquisition to support that tenant in Apartment 101 is income-certified as LIHTC.

While there is federal guidance to support the concept of grandfathering in households that exist at the time of the resyndication, relying on past work to support current eligibility can be intimidating. Further, because the state allocating agency is responsible for creating a procedure to monitor compliance specific to its LIHTC program, the state could levy additional requirements for determining when an existing tenant is to be considered income-eligible for the new allocation. As such, it is imperative that the building owner confer with the applicable state allocating agencies to ensure compliance, as failure to proceed in a manner compliant with state guidance could result in avoidable difficulties with the state. Owners should create a robust strategy for a detailed review of each income certification to support due diligence, and if a tenant income certification is not available or is insufficient to support income eligibility under the current extended use-agreement, then the owner must complete a current income certification to support income eligibility for the new LIHTC allocation.

DIFFERENT STATES, DIFFERENT REQUIREMENTS

As an example of how each state may view this differently, see the following policies from Ohio and California:

Ohio Housing Finance Agency (OHFA) Resyndication Frequently Asked Questions #8:

What documentation is used to verify the household is qualified under the old allocation of credits?

The IRS is silent on this matter. OHFA's policy is the owner should use the original file showing the household qualified for the first set of credits (IRS Audit Technique Guide for competing Form 8823 pgs. 4-35 and 4-36). OHFA recommends the original file is color coded to readily identify it during a compliance audit. If the original file is not available or sufficient to prove eligibility at move-in, a recertification must be completed using limits in effect at the time of the recertification. This establishes a point in which the household qualified even if after move-in.

OHFA's policy allows the building owner to use the tenant income certification executed under the existing extended-use agreement to concurrently support income eligibility with the new allocation without having to perform a new tenant income certification after the date of acquisition. However, if an owner chooses to perform a new tenant income certification after the date of acquisition, then the tenant income certification must be treated as current certification with all supporting documentation dated within 120-days of the tenant income certification effective date.

California Tax Credit Allocating Committee (CTCAC) Compliance Online Reference Manual, Part 4.12:

CTCAC *will require the owner to perform a full income and asset certification of all existing households when property is resyndicated. This certification may be completed either at the tenant's next normal recertification date OR the owner may elect to select a date after the award of the new allocation (usually coinciding with the start of the new credit period) to certify all households*. The date the certification is completed becomes the new "move-in/effective" date for the household and starts the recertification cycle over under the new allocation. Starting in 2017,* CTCAC *will require the owner to create a new file for each newly resyndicated household.*

**Please note—The "120 day before/after Acquisition date" guidance that applies for certifying households in Acq/Rehab projects that have never had tax credits does not apply to resyndication properties.*

..(A) (3) For households where the certification determines the household is over the current income limits for the new allocation, CTCAC *will require a copy of the Re-syndication Clarification Form and a copy of a previous certification showing the household was eligible under the prior allocation, be in the file to prove eligibility to be grandfathered.*

CTCAC requires that a new tenant income certification be executed. It also requires that tenant income certification be treated as current certification with all supporting documentation dated within 120 days of the tenant income certification effective date; and, if that certification indicates the tenant's income exceeds the applicable income limit associated with the new allocation, then the owner can use a tenant income certification executed under the current extended-use agreement.

Under both states' policies, the 120 days before/after the date of acquisition afforded to a traditional acq/rehab is not applicable. Rather, a new tenant income certification must be executed as appropriate. So, to approach a resyndication as a traditional acq/rehab does not comply with either state's policy, resulting in unnecessary strife in such event that the new building owner treats the existing tenants at the time of acquisition as a traditional acq/rehab.

FIRST-YEAR LOW-INCOME OCCUPANCY PERCENTAGE

It is important to understand that considering an existing tenant concurrently income eligible for a resyndication does not change how the first-year low-income occupancy percentage is calculated. For the above example that received a 2024 allocation of credits where the acquisition was placed in service March 1, 2024, assume that the rehabilitation was completed in July 2025 and 2025 is the first year of the credit period. To maximize the first-year LIHTC delivery, the goal would be to tack back to Jan. 1, 2025. With the traditional acq/rehab, taking action to complete the tenant income certification by June 29, 2024, for Apartment 101 means that the effective date of the certification is March 1, 2024. Likewise, with the resyndication, when the building was acquired, Apartment 101 was already income eligible under the existing extended-use agreement without having to again assess tenant income at the time of acquisition. Under both scenarios, for January 2025, the first month in the first year of the credit period, Apartment 101 is occupied with an income-eligible tenant. So long as the other provisions of compliance are met (i.e., rent restricted, student status and suitable for occupancy), Apartment 101 can be included in the month-end low-income occupancy percentage, resulting in a fraction for the first-year low-income occupancy percentage weighted as earliest as possible.

CONCLUSION: BE FAMILIAR WITH EXPECTATIONS

In a resyndication, some new owners may fear the process of grandfathering in existing tenants and using the existing tenant income certifications. Instead of approaching the tenant income eligibility for a resyndication with the assumption that the existing tenant income certifications are incorrect or insufficient, owners should work with their consultants to understand their state agency's expectations and to create an informed income certification strategy. **NN**

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NAHMA, Industry Submit Comments on Proposed HOME Rules

NAHMA submitted comments to HUD on the new proposed HOME rule changes and was one of 21 signed onto a joint industry letter as a member of the HOME Coalition.

The industry coalition letter can be read by visiting https://www.ncsha.org/resource/home-coalition-comments-on-hud-home-investment-partnerships-program-program-updates-and-streamlining-proposed-rule/.

NAHMA'S SUPPORT FOR PROPOSED CHANGES

"NAHMA commends HUD for its efforts to modernize and improve the HOME program and supports many of the proposed changes, specifically those related to rental housing, tenant-based rental assistance maximum per-unit subsidy limits, and green and resilient property standards," the comments said.

However, the association said it had significant concerns about the proposed changes to tenant protections and opposed those provisions for the reasons detailed in its letter.

Rental Housing: NAHMA said it strongly supports the proposed alignment of HOME rental housing requirements with other funding sources. The association said that modifications to HOME rent limits, particularly treating Low-HOME and High-HOME rent units more uniformly and allowing maximum rents based on tenant payments under applicable rental assistance programs, are crucial. "We recommend extending the language in 24 CFR § 92.253(a) to include local government rental assistance or subsidy programs. Specifically, we suggest amending the language to 'rent limits do not apply to any payment provided under a federal, state, or local government rental assistance or subsidy program.' Additionally, we propose further flexibility in 24 CFR § 92.252 by basing the second category of allowable Low-HOME rent limits on a family's gross income rather than adjusted income (similar to recent HOTMA changes implemented for rental assistance programs). This would align more closely with the intent to streamline housing programs and assistance. We suggest the following language for 24 CFR 92.252(a)(2)(ii), 'The rent contribution of the family is not more than 30% of the family's gross income,'" the comments said.

Tenant-Based Rental Assistance (TBRA): NAHMA said it supports the proposed enhancements to the TBRA program that aim to reduce burdens and better serve vulnerable households. Allowing hardship exceptions to tenant minimum rent contributions, reducing the frequency of income determinations, and accepting inspections performed by other HUD programs are positive steps that will enhance the effectiveness of the TBRA program.

Maximum Per-Unit Subsidy Limits: Updating and increasing the HOME maximum subsidy limits, including the temporary increase to 270% of the Section 234 limits, is a necessary and welcomed change. NAHMA's comments recommend HUD seek feedback through a notice and comment period before finalizing a new methodology to ensure it meets the diverse needs of stakeholders.

Property Inspections and NSPIRE Implementation: NAHMA said it supports the incorporation of NSPIRE but requests further clarification on its application across various HOME-eligible activities. "HUD should publish specific guidance on implementing NSPIRE within the HOME program, given full implementation is now delayed until October 2025. Additionally, NAHMA supports the inclusion of requirements for smoke and carbon monoxide detectors, provided they align with other HUD programs," the comments said.

Public Housing Agency (PHA) Utility Allowance: NAHMA said it supports the provision allowing the use of the PHA utility allowance. This flexibility will streamline processes, support compliance monitoring, and reduce the burden on property owners and managers.

Troubled HOME-Assisted Projects: NAHMA's comments support the proposed flexibility in assisting troubled HOME-assisted rental housing projects. "However, we recommend HUD provide more clarity on what constitutes 'significant' financial issues and detail the process and timeline for addressing troubled projects," the association said.

Green and Resilient Property Standards: NAHMA supported incentivizing green and resilient building standards by allowing a higher maximum per-unit subsidy limit. "However, we recommend HUD provide a broad definition of satisfactory green building standards rather than a specific list, enabling participating jurisdictions to choose the most appropriate standards for their region and projects. Regarding the proposed 5% increase to cover green building costs, we believe this may not be sufficient. A 10-15% increase would likely be more

"NAHMA commends HUD for its efforts to modernize and improve the HOME program and supports many of the proposed changes, specifically those related to rental housing, tenant-based rental assistance maximum per-unit subsidy limits, and green and resilient property standards."

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appropriate given the wide range of costs associated with different green building standards. Additionally, we suggest that HUD provide more details on the expected costs to better estimate the necessary subsidy increase," the comments said.

OPPOSITION TO PROPOSED TENANT PROTECTIONS

NAHMA said it is concerned about extending the notice period for evictions from 30 to 60 days. "Many housing providers cannot sustain the financial burden of nonpayment of rent for such an extended period. NAHMA members have shared that HUD's 30-day timeframe is already leading to loss of income, increased operational costs, tenants owing growing unsustainable balances, and disruptive delays, not prevention of evictions. A 60-day notice period would lead to NAHMA members no longer participating in the HOME program," the comments said.

Specifically, NAHMA's comments highlighted:

1. Industry Mischaracterization Leads to Bad Policy: NAHMA said its members are affordable housing providers and are not in the "eviction business." For over three years, the Biden administration has branded housing providers as "not-resident-centered." This characterization has and will always be factually false. HUD's data and initiatives demonstrate this fact (less than 1% eviction rate in most rental assistance and affordable housing programs). Evictions have always been a means of "last resort." NAHMA said it is deeply concerned that if the 60-day notice provision is implemented without some reasonableness and fairness, it will cause some great housing providers to leave the program, the comments said.

2. Tenant Noncommunication/ Arrears: The proposed rule does not adequately address tenant noncommunication. NAHMA said members only pursue evictions in cases where a tenant stops communicating and does not come forward for a recertification or to enter a repayment agreement. The comments said this rule places no responsibility on tenants to communicate with housing providers or property management staff. It wrongfully assumes that management staff do not attempt to assist residents before filing evictions. HUD must be fair and inform tenants to communicate when they cannot make full payments due to substantial loss of household income, reduced hours or wages, layoffs, or extraordinary out-of-pocket medical expenses. Tenants should also make their best effort to make timely partial payments as close as possible to full payments and meet with a HUD-approved housing counselor within 30 days. The comments said that HUD must become a willing partner for both housing providers and tenants.

3. Housing Providers Now Facing Extended Nonpayment Period, Beyond 60 Days: Housing providers are facing 60-120 days of nonpayment. This is leading to significant tenant unpaid balances, growing gaps in Tenant Accounts Receivables, and declining operating budgets for their properties. NAHMA said its members have shared that they have uncollected rent in the millions. Evictions can take several months in the normal process, from filing with an attorney to waiting for the court to set a court date and the possibility of continuances from the court or the tenant. During this time, landlords cannot accept rent, causing a significant strain on their operating budgets. As operating budgets deplete, fewer households in need can be assisted.

4. Inability to Address Lease Violations to Ensure Resident Safety: The nonpayment rule does not address situations where eviction is necessary due to violence or other lease violations. NAHMA said property owners are encountering situations where certain tenants compromise the safety of other residents or the integrity of the property, and they should be able to take appropriate legal action. HUD continues to remain silent on these matters, which continue to endanger the lives of residents. According to the comments, one NAHMA member shared a story, which serves as an example of how this policy can lead to wrong interpretations: "A resident who sexually violated a child, was arrested, charged, and later released on bail. This resident went through HUD's Continuum of Care and was identified as the highest risk for homelessness and placed back into the same unit they were evicted from, and this traumatized the victim's family. This is an extreme example, but because of existing federal/state/city eviction laws, this was allowed to happen. HUD must not create regulatory barriers to protecting the families housing providers are supposed to protect. HUD must state, in the strongest terms, that lease violations that endanger the lives of other residents and staff are not protected by a resident's nonpayment status," the comments said. Not being able to address lease violations to ensure resident safety contradicts our members' mission to provide decent, safe, affordable housing for all.

5. Property Rights: According to the comments, this rule infringes upon property rights. Affordable housing providers should be able to remove tenants for various lease violations, such as nonpayment of rent, property damage, or harm to others at the property (residents, visitors, or staff). "This proposed rule circumvents the established legal process for eviction, denying housing providers due process rights and creating an imbalance in tenant-landlord relations by making nonpayment of rent a protected class. HUD must be fair and not overreach. This is a matter for states and local units of government, not the federal government," the comments said.

The NAHMA comments concluded that if the proposed tenant protections are implemented, it is crucial to include language clarifying that these protections are not exhaustive and do not preempt state or local laws. This will help avoid confusion and ensure local jurisdictions can maintain their protections while participating in the HOME program. **NN**

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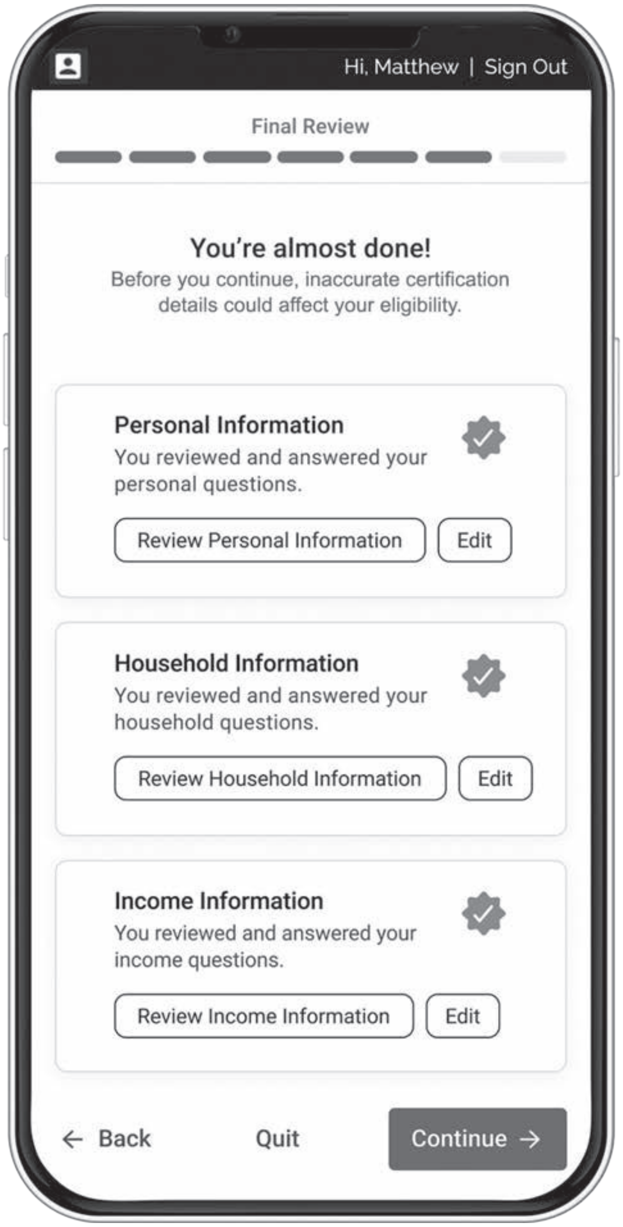

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Six Communities Earn Vanguard Awards

The 2024 winners of the Vanguard Awards

Photos courtesy of the Vanguard Award Winners unless otherwise specified

For further details on the NAHMA Vanguard Award winners, visit https://www.nahma.org/awards-contests/vanguard-awards/.

FROM LEFT: 201 Canal by Gregg Shupe; Clawson Manor Co-op; Gordon H. Mansfield Veterans Community

NAHMA CONGRATULATES the winners of its annual Affordable Housing Vanguard Awards. The awards recognize newly developed or significantly rehabbed affordable multifamily housing communities that showcase high-quality design and resourceful financing.

The Vanguard Awards winners will be recognized at an awards ceremony at the NAHMA Biannual Top Issues in Affordable Housing 2024 Fall Conference in October in Washington, D.C. The 2024 winners are:

VANGUARD AWARD FOR NEW CONSTRUCTION

Small Property (less than 100 units): **Gordon H. Mansfield Veterans Community,** Tinton Falls, N.J.; Management Company: WinnResidential; Owner: WinnCompanies, Boston, Mass., and Soldier On Inc., Pittsfield, Mass.

Large Property (more than 100 units): **201 Canal,** Lowell, Mass.; Management Company: WinnResidential; Owner: WinnCompanies, Boston, Mass.

VANGUARD AWARD FOR MAJOR REHABILITATION OF AN EXISTING RENTAL HOUSING COMMUNITY (TIE)

Clawson Manor Co-op, Clawson, Mich.;

Management Company: CSI Support & Development Services Inc.; Owner: Clawson Manor Apartments Limited Dividend Housing Association LP, Warren, Mich.

The Charlestown, Boston, Mass.; Management Company: Peabody Properties Inc.; Owner: Affordable Housing & Services Collaborative, Braintree, Mass.

VANGUARD AWARD FOR MAJOR REHABILITATION OF A NONHOUSING STRUCTURE

Mill Street Square, Paterson, N.J.; Management Company: WinnResidential; Owner: WinnCompanies, Boston, Mass., and ARTJIUS Enterprises LLC, Paterson, N.J.

VANGUARD AWARD FOR MAJOR REHABILITATION OF A HISTORIC STRUCTURE INTO AFFORDABLE RENTAL HOUSING

Southbridge Mills, Southbridge, Mass.; Management Company: WinnResidential; Owner: WinnCompanies, Boston, Mass.

The Vanguard Awards demonstrate that exceptional new affordable housing is available across the country; confirm that the affordable multifamily industry is and must be creative and innovative if such exceptional properties are to be built given the financial and other challenges to development; highlight results of the private/public partnerships required to develop today's affordable housing; and share ideas for unique design and financing mechanisms with industry practitioners to further stimulate creative development in the affordable multifamily industry.

The judges of this year's awards were distinguished NAHMA members from across the country: Michael Johnson, past president of NAHMA; Cindy Lamb, chief financial officer of CSI Support & Development; Noel Gill, president of Northwest Real Estate Capital Corp.; James McGrath, chairman emeritus of PRD Management Inc.; and Timothy Zaleski, past president of NAHMA. Lamb recused herself from judging the Major Rehabilitation of an Existing Rental Housing Community category.

VANGUARD AWARDS / THE GORDON H. MANSFIELD VETERANS COMMUNITY

The Gordon H. Mansfield (GHM) Veterans Community, named after a veteran who won a Purple Heart, has 70 units of supportive housing for veterans with different income levels, including veterans who are or have been homeless. WinnCompanies, an owner, manager, and developer of multifamily housing, and Soldier On Inc., a nonprofit that serves homeless veterans, worked together to develop the community.

The GHM features several design and construction components that make the property unique for veterans: common areas include a "touch-down" space for visiting case management staff, a management office, a community room with an operable partition wall, a female gathering room, and a second private office on the second floor for case management or telehealth use. Additionally, the property has improved soundproofing throughout to aid with post-traumatic stress disorder, and continuous insulation and Energy Star windows contribute to year-round comfort. All units are wheelchair-accessible and fully Americans with Disabilities Act (ADA) compliant.

FROM LEFT: Gordon H. Mansfield Veterans Community; 201 Canal by Gregg Shupe; Clawson Manor Co-op; The Charleston

The "women's wing," with 10 units and a "storefront" system separating it from the rest of the building, occupies the southern half of the second floor. This wing is for female veterans who want to live somewhere different from male veterans. It has a separate laundry area, community room, and outdoor balcony space. All units are wheelchair-accessible and fully ADA-compliant.

There are also two greenhouses for individual planting, a walking trail, and many outdoor gathering spaces. Additionally, the site features a columbarium and an eternal flame for the respectful interment of veteran residents' ashes upon their passing.

Each apartment is fully furnished, with a fully stocked kitchen, a dining table and chairs, a full-size bed and mattress, a dresser, a nightstand, a sofa, a coffee table, and a TV console. All units also come with cookware, bakeware, utensils, linens, pillows, sheets, towels, and cleaning supplies. The rent includes all utilities, cable, and Wi-Fi costs. GHM partner, Fulfill, also includes meals in the rent.

VANGUARD AWARDS / 201 CANAL

The development team's goal behind 201 Canal was to create a modern and sustainable mixed-use building that would enhance the surrounding neighborhood and provide affordable housing options for various income levels. The team delivered 125 units of mixed-income housing and 5,000 square feet of commercial space at a transit-oriented site that is a half-mile walk from the intermodal Charles A. Gallagher Transit Terminal.

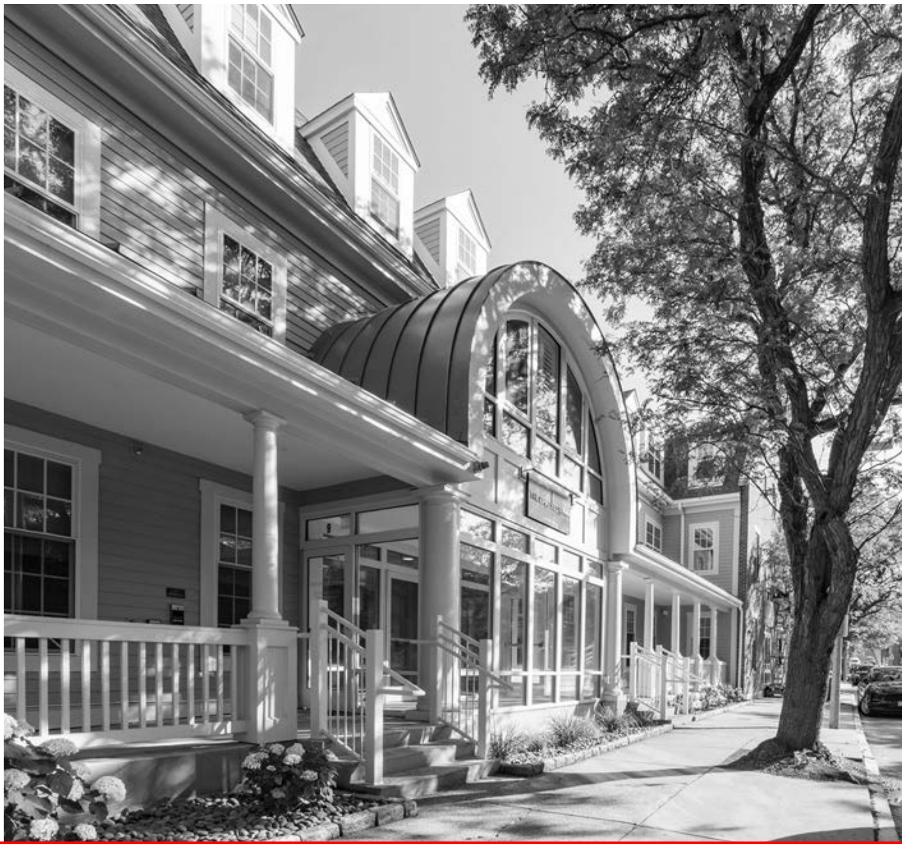
The property consists of 54 workforce housing apartments restricted to households earning less than 100% of the area median income (AMI), 39 Low-Income Housing Tax Credit (LIHTC) units restricted to households earning less than 60%, 50%, and 30% AMI, and 32 unrestricted units rented at market rate. A Section 8 Project-Based Voucher contract restricts eight of the LIHTC units to households earning less than 80% of the AMI, while a Massachusetts Rental Voucher Program contract restricts three units to households earning less than 80% of the AMI. Community Teamwork Inc. administers the low-income housing units.

The community is in the Downtown Lowell Historic District, so the Lowell Historic Board had to approve the plans. To meet zoning rules for the Hamilton Canal Innovation District, the development team had to preserve and improve a historic remnant wall along the lower Pawtucket Canal.

Additional public realm improvements include a new courtyard area, which the city and the Lowell Historic Board approved.

The four-story building is an architectural and cultural reflection of Lowell's industrial past. It has one steel-framed level with a brick veneer facade and three wood-framed levels with alternating wood and stone textures and colors. The building also has the city's only open-air roof deck, which looks out over a new bridge across the Pawtucket Canal and has sweeping views of the canal. The building preserved a historic brick seawall to enclose a lower-level courtyard featuring accent walls made of weathered brick, hewn granite pavers, and steel wall bracing.

There is a canal-level patio with uplighting, planters, café seating, and views of the flowing Pawtucket Canal. There is also a fenced-in outdoor dog park named "201BARK," an outdoor kitchen, a media wall, and various communal areas.



VANGUARD AWARDS / CLAWSON MANOR

Built in 1972, Clawson Manor (CLM) is the most significant affordable housing asset in Clawson, Mich. Located in a middle-class, amenity-rich suburb of Detroit, Clawson is a flourishing city with accessible services in the immediate area. Given these amenities, it is unsurprising Clawson has experienced exponential growth over the past decade.

There were three significant development challenges: resident relocation, supply chain issues, and environmental barriers.

Resident Relocation: No resident was permanently moved from the property despite all 251 units being substantially renovated. Residents were temporarily relocated to rent-ready vacant units. A full-time, on-site relocation coordinator was hired to ensure residents were comfortable during the relocation process. The coordinator worked closely with each household to ensure a smooth temporary relocation and subsequent return to their newly renovated apartment.

Supply Chain Issues: The renovation occurred during an acute period of disruption in the supply chain for construction materials caused by the COVID-19 pandemic. In preparation for the renovation project, CSI developed creative solutions to ensure supplies would be available. Before closing on financing for CLM's $17 million renovation, CSI committed over $3 million to preorder construction materials with extraordinarily long lead times. By taking this risk, CSI ensured the completion of the substantial renovation and timely delivery of tax credits.

Health & Safety Environmental Concerns: While completing the project's due diligence, two significant environmental concerns were identified: lead-soldered plumbing joints and harmful metals in the soil. Swift action was taken regarding these environmental concerns—the lead-soldered plumbing joints were replaced, and contaminated soil was removed during the property's renovation. Delineating the property's contaminates added significant time to the schedule, and remediation costs were well over $2 million. However, this work was essential to providing safe housing for the residents.

When renovating Clawson Manor, CSI wanted to create living and common spaces for today's seniors to thrive. The project brought CLM, which had not been renovated since it was first built in 1972, to modern accessibility standards. Thirteen apartments were renovated to meet Uniform Federal Accessibility Standards, with five made accessible to residents with hearing and visual impairments. In the communal areas, wheelchair-accessible exercise equipment, benches outside of elevators, better lighting throughout, and a wheelchair route to the community garden were installed.

VANGUARD AWARDS / THE CHARLESTON

The Charlestown, formerly known as the Zelma Lacey House, is a shining example of transforming an underutilized asset into affordable rental housing for seniors aged 62 and over. Initially constructed in 2003 as a 66-unit property, the building was expertly converted into 48 affordable, independent living units for the 62-plus community.

Located in the heart of Boston's Charlestown neighborhood, The Charlestown allows seniors to maintain an independent lifestyle as they age. The development provides comprehensive resident services and support, ensuring residents can live comfortably and securely. The building's charm has been preserved, while mod-

FROM LEFT: Mill Street Square by Metroplex; Mill Street Square by Tangram 3DS; Southbridge Mills by Gregg Shupe (2)

ern amenities and energy-efficient upgrades have been incorporated to enhance the quality of life for its residents.

The main goal of The Charlestown development project was to revitalize the underutilized Zelma Lacey House into a thriving community for seniors aged 62 and over, offering 48 units of affordable, independent living housing in Charlestown, Mass., near downtown Boston. The ambitious goal was achieved through a meticulous rehabilitation process that honored the building's integrity while providing seniors with spacious, modern, comfortable, affordable housing options. The success of this goal was measured not only by completing the project within budget and on time but also by the positive impact it has had on the community and its residents.

The development team worked tirelessly to successfully rehabilitate a 43,000-square-foot assisted living facility, originally completed in 2004, into a 48-unit senior living community. This transformed an underutilized asset into affordable housing for seniors 62 and older while also meeting the needs of modern senior living. The result is a modernized community that blends with convenience, offering residents a place to call home that is both affordable and comfortable.

The property includes amenities such as a community room with a Wi-Fi lounge, a laundry room, a water bottle filling station, conference rooms, an outdoor patio and garden, electric car charging stations, and pet-friendly guidelines. Elevator access, a smoke-free community, resident service programs and activities, manicured grounds, and professional on-site management with 24-hour emergency maintenance further enhance the living experience for residents.

The interior spaces are united by a nautical-inspired theme, creating a warm and welcoming atmosphere for residents. These features enhance their quality of life and promote socialization and community engagement.

VANGUARD AWARDS / MILL STREET SQUARE

The developer's objective for Mill Street Square was to provide affordable housing for multigenerational households in Paterson, N.J., promoting stability and support. It combines new construction and adaptive reuse building techniques, converting a nonhousing structure into housing, addressing several important needs for the community, and contributing to its overall revitalization.

The project transformed the Argus Mill, a vacant four-story, 7,700-square-foot historic brick mill, into six loft-style, two-bedroom apartments, with a new headquarters for the local nonprofit The Grandparent Relatives Care Resource Center (GRCRC); constructed a new four-story apartment building for 68 low- to moderate-income households; built a new two-story parking garage for residents and the public; and restored the historic Ryle Thompson Houses as the offices of the nonprofit Paterson Music Project (PMP).

All 74 apartments are Low-Income Housing Tax Credit (LIHTC) units, with 52 units targeted at multigenerational households with grandparents raising their grandchildren and earning less than 50% of the Area Median Income (AMI). Families meeting the grand-family definition are eligible for Project-Based Rental Assistance from the Paterson Housing Authority. The LIHTC program also covers the remaining 22 units for families earning less than 80% of AMI. Fifty-four of the 74 new apartments are two- and three-bedroom units, creating much-needed

space and flexibility for larger families in Paterson.

The community features a landscaped interior courtyard, an Amazon package hub, several resident lounges, a study area for children, community laundry facilities, a security monitoring system, a leasing office with an on-site management team, and on-call maintenance in case of emergencies. Residents get free access to a covered, controlled-access garage through an agreement with the Paterson Parking Authority.

The spacious and well-thought-out loft-style apartment units in the historic Argus Mill have exposed beam ceilings and brick accent walls, vinyl plank flooring, central air conditioning and heating, an intercom buzzer system, recessed lighting, and huge windows for plenty of natural light. Open-concept kitchens have stainless steel appliances and bright white cabinetry. Bathrooms have water-saving fixtures and tub/shower combinations.

VANGUARD AWARDS / SOUTHBRIDGE MILLS

The Southbridge Mills development team's goal was to provide quality, affordable housing in Southbridge, Mass., while preserving the architectural heritage of the historic Casedale structure and reviving an underperforming office park.

The 150-acre Southbridge Innovation Center in Southbridge, Mass., previously housed the American Optical Company's production headquarters. The 1843 introduction of the first steel eyeglass frames by American Optical (AO), a company established in 1833, completely changed the eyewear market. Once the town's biggest employer, AO operated out of the facility for over a century before manufacturing moved offshore in stages in 1979. A 2020 acquisition saw AO's production activities move to Chicago. Despite the Southbridge Innovation Center's promotion as a regional hub for technology, research, and entrepreneurship, one of its largest buildings, Casedale, remained vacant and awaiting renovation.

WinnDevelopment transformed the Casedale building, originally constructed in 1888, into Southbridge Mills, a 48-unit affordable housing community. Southbridge Mills allocates 43 of its units to households earning below 60% of the area median income (AMI) and another five to those earning below 30% of the AMI. Five units have Project-Based Section 8 vouchers administered by RCAP Solutions Inc.

The building had been vacant for some time before the team's involvement, so the roof had failed, and the building thus suffered significant water damage. The exterior walls, the roof, and the structural beams that support the building required more than the typical structural repairs seen in adaptive reuse projects. A significant amount of careful coordination was needed among engineers to ensure the structural integrity and safety of the building.

The project also had to adhere to rigorous historical preservation standards because historic tax credits partly funded it.

Southbridge Mills provides a range of apartment sizes and floor plans to suit various household types, including 12 one-bedroom units, 31 two-bedroom units, and five three-bedroom units. The community offers a range of amenities for residents to enjoy, including parking, a lounge area, and a laundry facility.

The development team deliberately incorporated the building's distinctive features into the design. **NN**

FHFA Releases New Tenant Protections

In July, the Federal Housing Finance Agency (FHFA) announced three new tenant protections, establishing the first tenant protection policy applicable to all multifamily properties financed with mortgages backed by Fannie Mae and Freddie Mac (the Enterprises). Under the new policy, which becomes effective Feb. 28, 2025, multifamily housing providers with Enterprise-backed financing must provide tenants: 1) a 30-day notice of a rent increase, 2) a 30-day notice of a lease term's expiration, and 3) a minimum five-day grace period for late rent payments.

According to the FHFA, over 44 million households, or roughly 35% of the U.S. population, live in rental housing, and more than 16 million renters live in properties with Enterprise-backed mortgages. In its statement, the FHFA asserted that over time, a significant share of tenants across the country will benefit from its new policies related to their leases and rent payments.

According to the FHFA Tenant Protections Blog, "the decision to evaluate the Enterprises' multifamily tenant standards was based on lessons learned from COVID-19, rising rent prices, and a consensus among stakeholders that the United States lacks sufficient safe and affordable housing. Because of the vital role the Enterprises play in providing liquidity to the mortgage market, particularly in affordable housing, FHFA worked closely with the Enterprises to identify the foreseeable market, industry, and risk impacts of any policy changes. Today's announcement is supported by extensive research, data collection, and stakeholder outreach."

In 2023, FHFA published a Request for Input to gather stakeholders' perspectives and identify principles and best practices at the federal, state, and local levels that would strengthen tenant protections and increase fairness in the rental market. For a summary of the input in January 2024, visit https://www.fhfa.gov/sites/default/files/2024-01/rfi-summary-tenant-protections-january-2024.pdf.

SUMMARY OF CHANGES

Based on FHFA's extensive research and stakeholder outreach, FHFA and the Enterprises determined that adopting and aligning tenant protection requirements was an appropriate first step. While many multifamily housing providers already have tenant notification and grace period practices in place, requiring them at Enterprise-backed properties will bring more multifamily housing providers up to a common baseline, according to the FHFA blog.

According to the FHFA, over 44 million households, or roughly 35% of the U.S. population, live in rental housing, and more than 16 million renters live in properties with Enterprise-backed mortgages.

Beginning Feb. 28, 2025, the Enterprises will require all multifamily borrowers—subject to limited exceptions—who receive Enterprise-backed financing to include the following tenant protections:

- Renters will receive at least 30 days' notice for any rent increase.
- Renters will be notified at least 30 days before their lease expiration, whether fixed/scheduled or terminated by the landlord.
- Renters will be permitted to pay their rent up to five days after their due date without incurring fees or being subject to eviction or other penalties.

Enterprises will monitor and enforce the tenants' protections. Failure to comply could result in penalties under the borrower's loan agreement.

The Enterprises will maintain their multifamily property look-up tools so tenants can independently verify whether they live in an Enterprise-backed property. The new tenant protections apply to multifamily properties where the loan application was submitted after the February 2025 policy effective date. Individual state and local laws may prescribe additional tenant protections.

"FHFA recognizes that tenant instability is a serious threat to the U.S. housing finance system and that both FHFA and the Enterprises have an important leadership role in addressing this issue. While today's announcement is a milestone that will advance baseline tenant protections across the United States, additional work is required to improve resident-centered practices at Enterprise-backed properties further. FHFA will continue its public stakeholder engagement process to build on the policies described above in a manner that reflects the needs of both tenants and housing providers," according to the blog.

COMPREHENSIVE ASSESSMENTS AND OUTREACH

FHFA and the Enterprises performed comprehensive assessments of post-pandemic multifamily policies to identify the challenges tenants and housing providers face and to develop solutions where possible beginning in 2022.

One example of this research is Freddie Mac's National Survey of Tenant Protections, which evaluated state-level landlord-tenant statutes to determine which tenant protections already existed under state law nationwide. Freddie Mac's research provided insights into the rental market and the patchwork of state laws and legal processes that tenants and housing providers must navigate.

Additionally, Fannie Mae's Renter

Resource surveyed over 2,500 tenants across the country to better understand the needs and challenges of renters. "The results showed that overall affordability, habitability, and difficulty finding and accessing housing are among tenants' greatest concerns. According to Fannie Mae's research, about half of all renters in 2022—over 22 million households—were cost-burdened, spending more than 30% of their income on rent and utilities. Tenants also reported not having adequate information about their rights or responsibilities under their lease," according to the FHFA blog.

FHFA first instructed the Enterprises to explore the feasibility of adopting tenant protections for the multifamily properties they finance in the 2023 Conservatorship Scorecard. The Enterprises were required to consult industry stakeholders to understand the impact, viability, and consequences of adopting different tenant protections.

Additionally, FHFA published a Request for Input (RFI) seeking information on potential tenant protections for multifamily properties backed by the Enterprises in May 2023. The RFI followed the Biden administration's Blueprint for a Renters Bill of Rights, saying that the FHFA would conduct stakeholder outreach and engagement to identify the opportunities and challenges of adopting and enforcing tenant protections.

As a result, FHFA received thousands of comments from tenants and tenant advocates, nonprofits, lenders, multifamily borrowers/property owners, housing providers, developers, government and elected officials, and mortgage industry groups. In January 2024, FHFA published a comprehensive summary of the comments received. The RFI revealed key areas of consensus among housing providers and tenants on the importance of tenants understanding their rights and responsibilities under leases. **NN**

Congress Holds Hearings On Housing-Related Issues

Over the summer, Congress held several hearings, including Artificial Intelligence (AI) applications, streamlining housing development, tax policy, insurance markets, and transit-oriented housing development.

HOUSE: AI Applications in Financial Services and Housing

On July 23, the House Committee on Financial Services held a hearing titled "AI Innovation Explored: Insights into AI Applications in Financial Services and Housing." The hearing aimed to explore the impacts, benefits, and risks of AI in these sectors.

The emergence of AI, coupled with substantial investments in the technology, necessitated a thorough examination of its implications. The committee scrutinized the existing statutory and regulatory frameworks to ensure they adequately protect the financial and housing markets. In response, Chair Patrick McHenry and Ranking Member Maxine Waters established a bipartisan AI Working Group in January 2024, which conducted six roundtables focusing on AI applications across the financial services industry.

Federal regulators addressed concerns about AI's potential to introduce bias and discrimination, emphasizing that AI usage does not exempt entities from complying with antidiscrimination laws. Regulators insisted that entities must adhere to all laws, including consumer protection laws, in a tech-neutral manner.

In capital markets, participants adopted a cautious approach to implementing AI, primarily using machine learning models for data analysis over the past decade. They are now exploring new AI capabilities to create innovative use cases.

AI has significantly shifted product and service delivery in the housing and insurance sectors, enhancing consumer experience and posing fair housing and consumer protection challenges. Businesses use AI for underwriting mortgages and insurance policies, tenant screening, and data analytics to improve customer interactions and manage risks.

Financial institutions and nonbank firms discussed AI's role in loan underwriting, customer service, fraud detection, and debt collection. The discussions also covered the AI lifecycle, from technology acquisition to development and integration. Panelists highlighted the importance of compliance with antidiscrimination laws, cybersecurity, and privacy safeguards.

AI is also used to enhance defenses and comply with Bank Secrecy Act/Anti-Money Laundering responsibilities.

To view a recording of the hearing, visit https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=409319. A Committee Report with additional details on AI is available by visiting https://financialservices.house.gov/uploadedfiles/bipartisan_working_group_on_ai_staff_report.pdf.

HOUSE: Regulatory Streamlining to Spur Housing Development

On July 24, the House Subcommittee on Housing and Insurance of the Committee on Financial Services convened a hearing titled "Housing Solutions: Cutting Through Government Red Tape." The hearing focused on addressing the impacts of governmental regulations on housing affordability and availability.

Housing affordability is a pressing concern for homebuyers and renters across the U.S. Government regulations, often termed "red tape," can significantly increase the cost of housing by causing delays and adding financial burdens at various levels—federal, state, and local. These regulations can include zoning requirements, environmental mandates, and economic policies that cumulatively raise construction costs and exacerbate labor shortages.

A recent National Association of Home Builders study highlighted that regulations account for $93,870, or 23.8%, of the average sales price ($397,300) of a new single-family home. These costs ultimately impact consumers through higher rents and more expensive homes, with the average U.S. rent now at $2,054 and home prices significantly outpacing median household incomes.

The hearing underscored the necessity of balancing regulatory benefits with the economic realities of housing development. Reducing unnecessary regulatory burdens could lower housing costs and increase supply, making housing more affordable for Americans. The testimonies highlighted the need for a nuanced approach to regulation that supports health and safety without imposing undue financial burdens on housing developers and consumers.

The entire hearing can be viewed by visiting https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=409321.

SENATE: Tax Policy for Local Economic Development

On July 30, the Senate Finance Committee held a hearing titled "Tax Tools for Local Economic Development" to discuss various tax policies that Congress could endorse to accelerate economic development, particularly in lower-income and underserved communities.

Members can view the full hearing by visiting https://www.finance.senate.gov/heaings/tax-tools-for-local-economic-development. **NN**

2024 NAHMA Scholars: Involved & Resolute

This year's class of NAHMA scholars are actively involved in pursuing their degrees but also diligently working within their community or overcoming challenging circumstances that exist in their lives. Many of the students have already received an associate degree, choosing to start their college work at a community college and moving on to a four-year school. Many are first-generation students; some were involved in the world of hard work as young children; some lived with serious childhood illnesses or lived in foster care. Again, this year, there is a clear preponderance of NAHMA scholars who maintain a GPA above 3.0. Many of them have jobs (some part time, some full time), some of them have internships, and some are active within their community. All of them are committed to excelling at school. Below are six biographical sketches that will hopefully give you some insight into the caliber of students these people are and the depth of their character as they work toward a degree.

As a **sophomore at Yale University,** this multiple-year NAHMA scholarship recipient carries a 3.48 GPA. She is majoring in economics and wants to pursue a career in politics. She has interned in the office of Boston City Councilwoman Gabriela "Gigi" Coletta to prepare herself for such a career. She works diligently to assist women and LGBTQ+ candidates in their race for public office. She has actively campaigned for Boston's first Asian American mayor and Massachusetts's first gay governor, both of whom are females. Her reference came from the Boston City Clerk, who cited her dynamic energy and achievements.

This **39-year-old single mother** has worked for many years in medical settings, including hospitals, surgery centers and clinics. She works nights to support her family while attending the University of Hawaii, Maui, majoring in nursing with a 3.66 GPA. She has already earned an Associate of Arts in liberal arts and an Associate of Science in medical assisting. She is grateful for the scholarships she has received multiple times from NAHMA and is committed to volunteering in her community, as she did in 2023 after the Lahaina wildfire occurred on Maui.

As a child growing up, this **freshman at the University of California, San Diego,** battled colitis. As a result of this experience, he wants to pursue a medical degree to become a gastroenterologist. He lives with his single mother and a sister with autism. He has participated in the Los Angeles Police Department's cadet program, logging over 700 hours of service and reaching the rank of lieutenant. He successfully ran the Los Angeles Marathon as a sophomore in high school and was on the Student Council in high school. He is also a consistent volunteer at his apartment community, working with younger children.

As a **student majoring in accounting,** this 45-year-old is raising two grandsons and maintains a 3.65 GPA. She has several years of practical work experience and earned an Associate of Arts in business. She works as a server in a local restaurant and owns a small cleaning and bookkeeping business. She has also completed a Quickbooks certification training program. Her supervisor of three years at an AirBNB business gave her a fabulous recommendation citing her professionalism and the accuracy of her work. After completing her coursework at Wake Technical College, she hopes to enroll at North Carolina State University.

This NAHMA scholar has spent many years of her young life going to school and working as an **immigrant farm worker** in the Pacific Northwest. As a first-generation student, she will be entering Seattle University this fall. The COVID pandemic interrupted her work as a farm worker, so she went to work at McDonald's. She will be seeking a degree in social work. Upon completing her degree, she wants to advocate for farm workers by providing casework assistance. The Social Services coordinator at her apartment community indicates that she has earned the respect of the farm worker community through her efforts in assisting residents to this point in time.

Life got off to a very difficult start for this **33-year-old single mother** of a 3-year-old son with autism. She grew up with an addicted mother who went to federal prison when the scholar was 9 years old. Immediately following the mother's incarceration, she and her five siblings lived unsupervised in their home for several months until the Department of Children & Families discovered their plight and placed them in foster care. She, herself, is a recovering alcoholic who regularly attends Alcoholics Anonymous meetings and has been sober for five years. She is a sophomore in college studying to be an addiction counselor with a 3.93 GPA. Her application reference was provided by her self-sufficiency counselor, who lauded her commitment and determination to become a contributing member of her community.

The NAHMA Educational Foundation is very proud of these individuals who represent a cross-section of this year's class of 118 NAHMA scholars. The NAHMA scholars profiled are resolute in their commitment to gaining the benefits that enhancing their education can bring to them in the job market, for their families, and for their communities, which will become better places because of their achievements and contributions. For additional information about the NAHMA Scholarship Program, please contact Dr. Bruce W. Johnson at bjohnson@tmo.com. **NN**

REGULATORY WRAP-UP

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

LIHTC NEWS

THE NATIONAL COUNCIL OF STATE HOUSING AGENCIES RELEASED new and updated model forms (https://ncsha.us18.list-manage.com) for state Housing Credit Agency use in Low-Income Housing Tax Credit program compliance. The model compliance forms, which include an updated Tenant Income Certification and new Asset Self Certification, reflect modifications to income determination and asset certification rules under the Housing Opportunities Through Modernization Act (HOTMA) and have been adjusted for consistency with NCSHA's most recent update to its Recommended Practices in Housing Credit Administration, released in late 2023. While the model compliance forms aim to provide consistency across states, state Housing Credit Agencies may fully adopt the forms or adapt them to best meet their needs. This is the first update to NCSHA's model forms since 2019.

HUD NEWS

THE OFFICE OF MULTIFAMILY HOUSING PROGRAMS HAS COMPLETED the update of a series of forms required for Multifamily Section 8 Programs. The documents in this package have been cleared and are ready for use and can be accessed through this HUDCLIPS link (https://www.hud.gov/program_offices/administration/hudclips/forms?utm_medium=email&utm_source=govdelivery).

EPA NEWS

The U.S. Environmental Protection Agency (EPA) has awarded $27 billion in grants as part of its Greenhouse Gas Reduction Fund, marking a significant step in the Biden administration's climate strategy. The grants are distributed through three major programs: the $14 billion National Clean Investment Fund (NCIF), the $6 billion Clean Communities Investment Accelerator (CCIA), and the $7 billion Solar for All program. These programs aim to create a national network for financing clean energy projects, particularly in low-income and disadvantaged communities.

The NCIF will provide accessible financing for clean technology projects, while the CCIA will support community lenders working in underserved areas. The Solar for All program is set to expand residential solar access to over 900,000 low-income households nationwide. Members can find more information on the GGRF and its grant recipients on EPA's Greenhouse Gas Reduction Fund webpage; information and registration details for upcoming webinars that will provide updates on the GGRF programs are posted on the Engagement Opportunities webpage; and EPA's Inflation Reduction Act Programs.

HOTMA NEWS

WITH DENNIS MCWILLIAMS
BY JENNIFER JONES

McWilliams' Winding Road Leads to a Career

DENNIS MCWILLIAMS, LIKE MANY affordable housing professionals, never grew up thinking about property management as a career path. But in hindsight, he had been around the industry at an early age without even realizing it.

"I grew up in a small town in Southeast Texas. My grandparents had a plot of land behind their house, and they had trailer homes on it that they rented out. When they retired, they sold the plot and rental trailers to my dad," McWilliams said. "I grew up helping my dad do maintenance and landscaping for the trailers. It never occurred to me at the time that we were in the property management business."

He describes the path to his current position as a regional property manager in Fort Lauderdale, Fla., for The Michaels Organization as "a winding road on a mountain range."

After graduating high school, McWilliams joined the military but decided it wasn't his calling. After being discharged, he took a job in automobile sales because he had a passion for cars. After three years, he decided that wasn't his ideal vocation either.

McWilliams then found himself working in a property office and has been in the industry ever since. He said he has held several positions over the years and has been involved with virtually every type of property type, including commercial, market-rate and affordable, except HUD 811 Supportive Housing for Persons with Disabilities. The affordable housing industry stuck with him because, McWilliams said, he likes a challenge, and no two days are the same.

"I learn something new. I get to train someone, and I get to help someone find a safe place to live," McWilliams said. "The most exciting part of my job is two-fold. I see residents move into a space they can afford to live in. And I get to see my people succeed at their jobs."

He said many people inspired him, and now enjoys mentoring the next generation. One particular person he credits is Jim Nasso, retired president and CEO of Wesley Living and former SAHMA president.

"He took the time to sit and talk to me and listen. He asked me what my goals and aspirations were and generally cared what I had to say," McWilliams said.

McWilliams eventually followed in his mentor's footsteps. He is wrapping up his first year of a two-year term as SAHMA president.

"I'm certainly proud of becoming president of SAHMA. It was a goal of mine and I didn't realize it was a goal of mine until I had served on the board. Jim was the spark," he said. "I'm most proud of bringing diversity to the forefront of the AHMA. As far as I know, I'm the first openly LGBTQ+ person to serve as president. I hope I serve as an inspiration for others to serve."

He also hopes to inspire people to take care of their mental health. McWilliams said he struggles with depression and that he resonates with Robin Williams, the award-winning comedian and actor who died by suicide in 2014 after suffering from depression and anxiety.

"I say struggle, not suffer, for a reason. I manage it. I'm not looking for pity, but it needs to be talked about," he said. "People see this bubbly person, and that's not always the case. People close to me know, and I have coping mechanisms."

McWilliams describes his perfect day as one where he accomplishes everything that is on his plate and not hasn't left anything undone. He says he hates losing sleep over something not finished.

He also likes karaoke, although he admits he doesn't get to do it often. **NN**

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

Welcome New Members

NAHMA welcomes the following new members as of Sept. 25, 2024.

AFFILIATES

John Wyatt, Alliant Insurance, Richmond, VA

NAHMANews

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

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword

Buy Drug-Free Kids Calendars and We All Reap the Benefits

THE WINNERS OF NAHMA'S 2024 AHMA poster and art contest were selected over the summer, and the winning artwork was used to create the 2025 NAHMA Drug-Free Kids Calendar. The annual project is an easy and fun way to support the association, the NAHMA Educational Foundation and the residents we serve.

The money raised from calendar sales helps fund NAHMA programming and keep dues and credentials fees low. It also benefits the residents whose artwork appears in the calendar in the form of a scholarship. The winning posters are also auctioned off at the annual NAHMA Educational Foundation gala, with the proceeds supporting the foundation's scholarship program. So, supporting this one project returns benefits threefold.

If you haven't already submitted your order for this year's calendar, don't hesitate. The calendars have already started to ship, and they sell out yearly. You can download the order form from the NAHMA website.

The calendar cost is $5.50 each, which is an allowable project expense for the Department of Housing and Urban Development and the U.S. Department of Agriculture.

At the heart of the calendars is the original artwork by children, senior residents 55 years or older, and residents with special needs who live in an affordable multifamily housing community of a NAHMA- or an AHMA-member company. The underlying message for the national competition is always a drug-free theme. Still, a subtheme was incorporated into the poster contest to open the door for more avenues of expression. The subtheme for this year is Dig Into a New Day: Our World Is a Garden of Delights.

Lily Morway, a 10th grader from Worcester, Mass., is the grand prizewinner in the national contest. Her creation appears on the cover of NAHMA's 2025 calendar. Lily, 16, also receives an all-expenses-paid trip to Washington, D.C., for a NAHMA Biannual Top Issues in Affordable Housing conference and a scholarship of $2,500 from the NAHMA Educational Foundation.

The annual contest consists of the local AHMAs selecting winning posters from their art competitions, which are then sent to NAHMA for consideration in the national contest. Each national winner of the NAHMA contest receives a $1,000 educational scholarship from the NAHMA Educational Foundation. All winners are also featured in the 2025 NAHMA Drug-Free Kids Calendar. Only students are eligible for the grand prize.

Furthermore, 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 are featured in a special calendar section and receive a $100 scholarship check.

The original grand prizewinning artwork will be sold in connection with the Educational Foundation's fundraising gala on Oct. 24, with the proceeds supporting the foundation's scholarship program.

A complete list of this year's national program winners is available on the NAHMA website and will be featured in the November/December edition of *NAHMA News*. **NN**

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