

NAHMA News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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Administration Budget Increases Affordable Housing Funding—Will It Pass?

The White House Office of Management and Budget released President Barack Obama's federal budget request to Congress for fiscal year 2017 in early February. This is Obama's eighth and final budget request since taking office in 2008.


The president's budget serves as a promotion of the administration's ongoing agenda and a comparison document for the budgets produced by lawmakers in the U.S. House of Representatives and the U.S. Senate. As part of the request, each federal department issued congressional justifications to lawmakers and the public. These documents outlined why the amount of funding was requested and additional information on legislative proposals and other program initiatives.

Unfortunately, lawmakers in the House and Senate are unlikely to adopt the administration's budget in its entirety. NAHMA continues to advocate for the requested program increases, and for language that promotes preservation and improvements at multifamily properties.

Overall, the administration's budget maintained a commitment to affordable housing programs and NAHMA supports the requested funding increases for the various programs.

The budget proposed a total of \$1.1 trillion in discretionary spending for FY 2017. For the U.S. Department of Housing and Urban Development (HUD), the budget requested a \$1.9 billion increase over the FY 2016 enacted levels for a total amount of \$48.9 billion. Additionally, the administration requested increases across the board for rural housing programs administered by the U.S. Department of Agriculture's (USDA) Rural Development (RD), while also pursuing additional preservation options that will maintain rural properties.

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PRESIDENT

Ken Pagano, CPM, SHCM, NAHP-e
jkpagano@essexplazamgmt.com

EXECUTIVE DIRECTOR

Kris Cook, CAE
kris.cook@nahma.org

DIRECTOR, GOVERNMENT AFFAIRS

Larry Keys Jr.
lkeys@nahma.org

DIRECTOR, FINANCE AND ADMINISTRATION

Rajni Agarwal
rajni.agarwal@nahma.org

DIRECTOR, MEETINGS, MEMBERSHIP

Brenda Moser
brenda.moser@nahma.org

MANAGER, COMMUNICATIONS AND PR

Jennifer Jones
jjones@nahma.org

GOVERNMENT AFFAIRS MANAGER

Scott McMillen
scott.mcmillen@nahma.org

EDUCATION AND TRAINING COORDINATOR

Natasha Patterson
npatterson@nahma.org

ADMINISTRATIVE COORDINATOR

Paulette Washington
pwashington@nahma.org

EDITOR

Jennifer Jones
jjones@nahma.org

DESIGN

Mary Prestera Butler
butler5s@comcast.net

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NAHMA News is published six times a year by the National Affordable Housing Management Association, 400 North Columbus Street, Suite 203, Alexandria, VA 22314. Phone (703) 683-8630. Website: www.NAHMA.org

SUBSCRIPTIONS: Free for NAHMA/AHMA members, \$100 for nonmembers.

ADVERTISING: Digital ads preferred. Rates vary. Contact: Brittany Thomas at (301) 215-6710, or bthomas@townsend-group.com.

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

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Celebrating the Best Of the Industry

NAHMA WRAPPED UP ANOTHER productive March winter meeting, which attracted more than 180 members as well as the Communities of Quality winners who were featured in the January/February NAHMA News. The three-day event also featured a keynote presentation from public activist Dan Vargas, and an inspirational appearance from a NAHMA Educational Foundation scholarship winner, Thien-Huong Nguyen, who spoke about how important the program has been to her educational endeavors. And of course, the meeting gave members the opportunity to hear the latest from representatives from the Department of Housing and Urban Development, the U.S. Department of Agriculture and other experts.

The first day of the meeting featured the Catchbox microphone, sponsored by Dauby O'Connor & Zaleski, which added a bit of fun to the committee meetings. Besides DOZ, other member affiliates stepped up to help make the meeting a success. See a complete list of sponsors on page 21.

One of the highlights of the meeting was Monday evening when members gathered to honor this year's Industry and AHMA Awards winners. Annually NAHMA shines a spotlight on the individuals and organizations whose professionalism, dedication and accomplishments in assuring quality housing for low-income Americans raises the standards of the multifamily affordable housing industry.

The highest honor we bestow, the NAHMA Industry Statesman Award, was given to affordable housing leaders and mentors, and long-time association supporters: Dan Murray and Bill Wollinger.

Murray is a licensed real estate broker with several industry designations as well as more than 40 years of leadership in the field of affordable housing. He is a past president of NAHMA and served on the board for many years.

Wollinger has served on NAHMA's board of directors for many years. He is past president of WinnResidential and currently serves as chief operating officer of WinnCompanies.

To read about all of this year's honorees, see page 17.

Now it is the time to turn our attention to the annual summer meeting June 15, which will be co-located with the National Apartment Association's Education Conference & Exposition in San Francisco. Online registration for the NAHMA meeting at the Parc 55 hotel opened April 1.

Besides committee meetings, the summer forum will focus on public policies including panels on Pay for Success initiatives and on the social impact of affordable housing. The keynote speaker is Carol Galante, faculty director of the Turner Center for Housing Innovation at University of California, Berkeley, and former assistant secretary for housing/federal housing commissioner at HUD. The Vanguard Award winners will also be honored. The event concludes with the NAHMA Educational Foundation dinner and fundraiser at Twenty Five Lusk.

Additionally, NAHMA will be presenting four sessions at the NAA conference, June 16-17, at the Moscone Convention Center. The complete agenda is located on the Meetings page on our website. **NN**

Kris Cook, CAE, is executive director of NAHMA.

ADMINISTRATION BUDGET INCREASES AFFORDABLE HOUSING, *continued from page 1*

improvements at multifamily properties. The association will continue to work with Congress as it begins developing the FY 2017 appropriation bills.

BUDGET REQUEST FOR HUD PROGRAMS

Housing Choice Vouchers (HCV):

The administration requested funding increases for nearly all affordable housing programs. The largest increase was for the HCV Program with a total request of \$20.85 billion, of which \$18.45 billion would cover contract renewals. The administration seeks to add 10,000 new vouchers to the pool of available HCVs with this request and it anticipates that approximately 2.2 million low-income families will be housed by this funding level in 2017. The requested \$1.23 billion increase for the HCV program was earmarked for specific purposes: \$88 million would be set aside to hold vouchers for homeless families with children, \$7 million would be for new Tribal Veteran Affairs Supportive Housing vouchers, and general contract renewals would be increased by \$765 million over the FY 2016 enacted level.

Additionally, the budget request contained \$15 million for a proposed HCV Mobility Demonstration program, which aims to help voucher holders enter higher opportunity neighborhoods. The congressional justifications drafted by HUD noted that up to \$3 million of the \$15 million would fund an impact evaluation of mobility services, with the goal of identifying services that best contribute to assisting families move to higher-income areas. Public Housing Authorities would be able to use their administrative fees to support costs related to the demonstration.

In addition to the mobility demonstration, the budget proposed to revise the threshold for the deduction of medical and related care expenses. The budget would change the threshold for determining deductions for unreimbursed medical expenses from 3 percent

to 10 percent of family income for its core rental assistance programs. HUD estimates that the associated savings from this change would be \$30 million.

NAHMA strongly supports the funding increases requested for the HCV program and will advocate for the \$20.85 billion funding level.

Project-Based Rental Assistance

(PBRA): For the PBRA program, the administration has requested a \$196 million increase over the FY 2016 enacted level for a total amount of \$10.82 billion. Of this amount, \$400 million would be available for advanced appropriations for FY 2018, should Congress fail to provide a final appropriations agreement before the beginning of the next funding cycle. According to HUD, the total proposed funding level would renew all existing contracts in 2017. NAHMA learned that HUD had sufficiently proved to lawmakers that \$10.41 million was sufficient to fund all contracts for their full 12-month terms beginning on Jan. 1, 2016.

The congressional justifications outlined that HUD was proposing to double the fines charged to owners of PBRA, Section 202 and Section 811 properties when project maintenance

is determined to be in noncompliance with program requirements. The budget indicated this is part of a larger effort being undertaken by HUD to evaluate and strengthen enforcement authorities across its portfolio of assisted properties including a potential rule-making to update Real Estate Assessment Center physical inspection criteria.

Also in the budget document, HUD noted it will be pursuing technical amendments to the Low-Income Housing Preservation and Resident Homeownership Act, which was amended by the FAST Act in December 2015. The revisions to be released by HUD will establish internal consistency within sections 214 and 220 of the FAST Act, support effective implementation of the intended reforms and encourage preservation transactions that maintain property affordability. Additionally, HUD proposed extending the Multifamily Assisted Housing Reform and Affordability Act fiscal year 2015 sunset date to Oct. 1, 2019. This extension is needed for the Mark-to-Market program.

NAHMA supports the requested funding increases for PBRA in the president's budget and advocates this funding level to lawmakers.

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Budget Request for HUD Programs

| Program | FY 2017 Request | FY 2016 Enacted | FY 2015 Enacted |
|---|-------------------------------|-------------------------------|-----------------------------|
| Tenant-Based Rental Assistance Contract Renewals | \$20,854 \$18,447 | \$19,629 \$17,682 | \$19,304 \$17,486 |
| Project-Based Rental Assistance Contract Renewals Contract Administrators | \$10,816 \$10,581 \$235 | \$10,620 \$10,405 \$215 | \$9,730 \$9,520 \$210 |
| Housing for the Elderly (Sec. 202) Service Coordinators | \$505 \$75 | \$432 \$77 | \$420 \$70 |
| Supportive Housing for Persons with Disabilities (Sec. 811) | \$154 | \$150 | \$135 |
| Community Development Grant | \$2,800 | \$3,000 | \$3,000 |
| HOME | \$950 | \$950 | \$900 |

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Housing for the Elderly, Section 202:

The administration requested a \$72 million increase for the Section 202, Housing for the Elderly program, for a total request of \$505 million. Of this total amount, \$75 million was reserved for service coordinators, representing a \$2 million decrease from the FY 2016 enacted level.

HUD requested a new proposal to expand the second component of the Rental Assistance Demonstration (RAD) to include the conversion of Section 202 Project Rental Assistance Contract (PRAC) properties. HUD noted that if enacted, it could

preserve quality units without increased federal outlays, which would improve affordable hous-

ing for low-income households and create thousands of new jobs.

Along with the proposal to double the financial penalties on owners who fail to maintain properties in compliance with program requirements, HUD also proposed to expand the list of violations under the Civil Money Penalties to include failure to maintain the property.

Housing for Persons with Disabilities, Section 811:

An increase was requested for the Section 811, Housing for Persons with Disabilities programs, albeit a marginal \$3 million increase for a total of \$154 million. The Section 811 program received an increase of \$15 million for FY 2016, and NAHMA supports the Obama administration's budget request as a positive step.

The budget proposed to grant HUD the flexibility to transfer Section 811 subsidies to properties that comply with local Olmstead requirements, which prohibit the unlawful segregation of persons with disabilities. This was the only proposed change for Section 811, outside of the request to double fines when project maintenance is determined to be in noncompliance with program requirements.

Rental Assistance Demonstration (RAD):

The FY 2017 budget request proposed to expand RAD by removing the 185,000-unit cap on the number of public housing units that can be converted to Section 8 rental assistance contracts. The budget also proposed to eliminate the Sept. 30, 2018, deadline for submission of RAD applications under the first component. HUD proposed to standardize ownership and control requirements for converted public housing properties by permitting nonprofit ownership in conversions where Low-Income Housing Tax Credits (LIHTC)

Since HOME is used as gap financing for the construction/rehabilitation of multifamily properties under the LIHTC, the program has great impact in the construction of new affordable units.

are used or where foreclosure, bankruptcy or default occurs, and authorizing a tenant's right to continued occupancy for conversions under the second component.

Additionally, HUD and the administration requested \$50 million for the incremental subsidy costs of converting assistance under RAD. This funding is earmarked for public housing and 202 PRAC projects that cannot be converted at current funding levels, which will support the conversion and redevelopment of approximately 25,000 public housing and 202 PRAC units that otherwise could not convert.

HOME Investment Partnerships

Program: For the HOME Investment Partnerships program, the administration requested a continuation of the FY 2016 funding level of \$950 million. In comparison, the administration requested a \$110 million increase for the program in its FY 2016 budget for a total amount of \$1.06 billion.

Since HOME is used as gap financing for the construction/rehabilitation of multifamily properties under the LIHTC, the program has great impact in

the construction of new affordable units. There is strong bipartisan support for HOME, but the funding for the program has fluctuated over the past five fiscal years. The program was threatened in FY 2016 due to devastating funding cuts proposed by the Senate Appropriations Committee in its initial funding bill for housing programs. At the time, the Senate would have cut the program by 93 percent; the House also proposed cutting the program and redirecting funds from the Housing Trust Fund into HOME.

NAHMA was strongly opposed to these cuts and fortunately, HOME ulti-

mately received a funding increase in FY 2016. Though NAHMA supported the FY 2016 increase, it continues to cite \$1.2 billion as the optimal funding level for HOME.

There were numerous policy changes proposed for HOME as outlined in the congressional justifications. First, HUD asked to eliminate the 24-month commitment requirement from the HOME statute. Currently, the statute requires that HOME funds be committed to projects within 24 months of HUD notifying the participating jurisdictions of their obligation of the HOME grant. However, a July 2013 Government Accountability Office (GAO) decision required HUD to change its method of determining compliance to a grant-specific method. The elimination of the 24-month commitment requirement would prevent the participating jurisdictions from losing funds that become uncommitted should they fail to meet the commitment requirement. Participating jurisdictions would instead be able to recommit those funds to other projects, which will have to be completed within four years.

The HOME statute also requires that

within 24 months of receiving its grant, not less than 15 percent of each participating jurisdiction's grant be reserved for projects owned, developed or sponsored by Community Housing Development Organizations. The budget requested to eliminate this requirement since it is extremely difficult for participating jurisdictions receiving smaller and smaller allocations to administer this 15 percent set aside.

Finally, HUD proposed eliminating the \$335,000 allocation threshold for years in which the HOME appropriations provided by Congress are less than \$1.5 billion. A more stable threshold of \$500,000 regardless of appropriation amount was cited as the ideal threshold. Additionally, HUD proposed eliminating continuous grandfathering of participating jurisdictions and instead inserted a provision that would grandfather participating jurisdictions for five-year periods running concurrently with their consolidated plan period. These proposed changes would result in the elimination of more than 250 local participating jurisdictions after three years in a five-year period with an allocation of less than \$500,000.

Community Development Block Grant (CDBG): The one funding reduction proposed in the administration's budget was the request for the CDBG. The total request of \$2.8 billion represented a \$200 million decrease from the FY 2016 enacted level. CDBG funds are distributed to local municipalities and they may be used for a wide variety of expenses, including the development or redevelopment of affordable housing. A funding cut to this program would have negative impacts on communities across the country, and NAHMA will advocate for a continuation of the FY 2016 enacted level rather than the administration's proposed funding amount for FY 2017.

FUNDING REQUEST TO COMBAT HOMELESSNESS

Additionally, the administration requested funding for a major initiative—\$11 billion

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Appropriations Hearings Begin

IN EARLY MARCH, THE CONGRESSIONAL APPROPRIATIONS subcommittees began holding hearings on the various federal government departments' budget requests.

HUD Secretary Julián Castro appeared before the House Appropriations Transportation, Housing and Urban Development (T-HUD) Subcommittee March 1, followed by the Senate T-HUD Subcommittee on March 10. Most notable from the pair of hearings is the recognition of difficulties faced by the affordable housing industry by the Senate subcommittee members while the usual tug-of-war along party lines continues in the House.

At the Senate hearing, subcommittee chair Sen. Susan Collins (R-ME) said, "This subcommittee, in particular, has to cope with the central truths about HUD's budget that are present every year: the cost of renewing existing rental assistance, which consumes 84 percent of HUD's overall budget, will increase." But she also criticized the funding cuts requested for the Community Development Block Grant (CDBG) program. She noted that the CDBG program is one of the most important programs for local communities to manage local issues.

Castro said that while the administration and HUD are adamant supporters of the CDBG program, they wanted to prioritize funding to housing needs. CDBG funds may be used for a wide variety of items and is not limited to housing. Ranking member of the subcommittee, Sen. Jack Reed (D-RI), also expressed concern for the proposed cut but did praise the budget request for HUD in its balance of addressing current rental assistance needs while laying the groundwork for the department to manage future issues.

The hearing in the House was not as smooth. Like many of the appropriation hearings before, this one was contentious as lawmakers from both parties quarreled over the budget request and current operations within HUD. Rep. Mario Diaz-Balart (R-FL), chairman of the T-HUD Subcommittee began his opening remarks by saying, "HUD is requesting a total of \$49 billion in new budgetary resources in fiscal year 2017, about 3.5 percent above 2016. Now this is not a dramatic increase. Unfortunately, however, there are so many accounting gimmicks in the budget as a whole, that it makes it difficult to frankly take any of it very seriously."

In contrast, the ranking member of the subcommittee, Rep. David Price (D-NC), was critical of funding limitations that constrain HUD to serving only one in four families that are qualified to receive federal housing support. He said that more than three-quarters of the budget request is dedicated to just maintaining current contracts and that new initiatives cannot occur without new obligations from appropriators.

The chairman for the full House Appropriations Committee, Rep. Hal Rogers (R-KY), was present for this hearing and reminded lawmakers must abide by the spending limits as mandated in the Bipartisan Budget Agreement. He also plugged support for the CDBG program for its ability to address unique community development needs.

The USDA had its day before the Senate Appropriations Agriculture, Rural Development and Related Agencies Subcommittee on March 9 and its counterpart in the House on March 15.

The vast majority of time spent in both hearings was centered on USDA's farming and food programs, but Sen. Jeff Merkley (D-OR) did ask Secretary Tom Vilsack about the department's response to the funding issues that plagued Rural Development's (RD) Section 521 Rental Assistance program. "I want to ask if people across the country who are involved in providing project-based housing can rest assured that we've got it covered this time," Merkley asked.

Vilsack said he believes the issues have been fully addressed but did not talk much about the program. He did quickly change the conversation to the number of properties within the rural portfolio that are approaching the end of their mortgage terms. Merkley asked how RD planned to manage the issue, saying that it would be very hard to recover stock in the rural portfolio if these properties were to exit the rental assistance program. He noted that when the HUD portfolio faced similar issues in the early 1990s, Congress enacted the Low Income Housing Preservation and Resident Homeownership Act to create incentives to owners to stay in HUD's programs.

The secretary responded that the mortgages on 75 percent of the properties in the portfolio are set to reach maturity in the next 10 years and that RD is looking to extend these mortgages and refinancing properties so that improvements can be made with the savings that result. He also said that lawmakers should consider providing vouchers to tenants in properties with expiring mortgages so that they do not lose housing. While the rest of the Senate hearing focused on other USDA programs, a forthcoming hearing will focus on RD's portion of the budget request.

in mandatory spending to combat family homelessness. This is the first time a president has requested mandatory spending for homelessness prevention.

The difference between mandatory and discretionary spending is that mandatory spending must be provided each year and is not subject to appropriations. For example, Social Security and defense spending is mandatory and cannot be altered through the annual appropriations bills. Discretionary spending fluctuates each year and is determined by the Appropriations committees of both legislative houses, such as spending for HUD's housing programs. With the requested \$11 billion, the administration seeks to eliminate family homelessness by 2020. This funding would also be used to support tribal communities and revitalize high-poverty neighborhoods.

BUDGET REQUEST FOR RURAL HOUSING PROGRAMS

Section 521 Rental Assistance (RA): The RA program is proposed to receive a \$16 million increase over the FY 2016 level, and the administration has not pursued language that would result in the nonrenewal of contracts within the 12-month contract period.

In the FY 2015 Agriculture Appropriations bill, Congress adopted language that eliminated the automatic renewal of RA contracts that occur within the 12-month contract period. NAHMA and other industry groups opposed this change, but it was enacted. Then in the summer of 2015, many rural property owners whose RA funding had been prematurely exhausted learned from Rural Development that no additional RA funding was available. Hundreds of properties were left without adequate RA and several NAHMA members who participate in the program did not receive funds for multiple months.

The association met with appropria-

tions staff to correct the issue and reverse the problematic language from the FY 2015 Agriculture Appropriations bill that prevented properties from renewing RA funding within their 12-month contract period. The FY 2016 appropriations legislation increased the RA funding level to help Rural Development in compensating property owners. Rural Development was eventually provided with the authority to retroactively pay owners who did not receive their RA. Lawmakers also

program. The budget included language making rental assistance agreements eligible for multifamily housing revitalization funding, simplifying the approval process to carry out a multifamily rental housing loan-restructuring program and other incentives for owners with maturing mortgage properties to preserve affordable rental housing. The budget also seeks permanent authority for the revitalization program, which has been a demonstration program since 2006.

The Section 515 portfolio is facing an impending crisis due to the number of properties that are now reaching the end of their mortgage.

included language that gave the USDA the authority to recapture RA from properties that received more funding than their true need.

NAHMA supports the administration's request and we believe that \$1.4 billion will make the program more secure. Furthermore, the administration requested an advanced appropriation of \$75 million for the RA program. NAHMA has pursued this allocation as the best option to make program funding more secure and it believes implementation of this proposal will eliminate the possibility of future disruptions in the distribution of RA.

Section 515: The administration proposed a \$5 million increase for the Section 515 Multifamily Mortgage

The Section 515 portfolio is facing an impending crisis due to the number of properties that are now reaching the end of their mortgage. Under current law, when a Section 515 mortgage expires, the Section 521 RA that makes the property affordable also expires. The loss of RA causes rent increases and will likely make the units too expensive for low-income residents to afford. According to RD, loans on more than 11,500 properties will mature by the year 2024. This represents nearly 333,845 units of affordable housing.

NAHMA and other industry groups have been actively raising awareness of this issue with lawmakers and stakeholders. Fortunately, these efforts are working and members of Congress and staff of the GAO are paying attention. The GAO

Budget Request for Rural Housing Programs

| Program | FY 2017 Request | FY 2016 Enacted | FY 2015 Enacted |
|-------------------------------|-----------------|-----------------|-----------------|
| Section 521 Rental Assistance | \$1,405 | \$1,389 | \$1,088 |
| Section 515 | \$33.07 | \$28.40 | \$28.40 |
| Multifamily Revitalization | \$37.3 | \$37 | \$24 |
| Rural Housing Vouchers | \$18 | \$15 | \$7 |
| Section 538 Loan Level | \$230 | \$150 | \$150 |

FIGURES EXPRESSED IN MILLIONS

was requested to provide an analysis on the number of properties that could lose their affordability and RD's preservation strategies for the portfolio. NAHMA hopes that this report will shed more light on the issues in the 515 portfolio and will identify solutions to ensure that no residents lose their homes.

NAHMA supports the requested increase for Section 515 and efforts to preserve multifamily properties in the rural portfolio.

Multifamily Revitalization Program and Rural Housing Vouchers: The FY 2016 appropriations provided a significant increase for the Multifamily Revitalization Program and Rural Housing Vouchers, and the administration proposed another, though more modest, increase for the program for FY 2017. The \$3 million increase requested for the program was entirely directed at Rural Housing Vouchers (RHVs).

The funding for RHVs is especially critical in light of the issues facing the Section 515 portfolio. These vouchers may be used by residents of rental housing projects financed through Section 515 loans that have seen their mortgages prepaid after Sept. 30, 2005. They allow tenants to remain in existing communities or to move to other rental housing. NAHMA supports expanding the use of Rural Housing Vouchers to protect tenants and advocates for the requested funding increase.

TAX CREDIT PROPOSALS

Along with the new requested funding levels for HUD and Rural Housing programs, the administration's budget contained requested alterations to various tax programs including the LIHTC. Several of these proposals were requested before, but were not adopted by Congress.

The budget again proposed to allow states to convert up to 18 percent of their annual private activity bond (PAB) volume cap into allocated LIHTCs. States would be authorized to convert PAB volume cap to be received

Grassroots Advocacy Alert

NAHMA is asking its members to urge their congressional representatives to fully fund all HUD Affordable Housing and USDA Rural Development programs. To find your representative visit:

SENATORS: http://www.senate.gov/general/contact_information/senators_cfm

U.S. HOUSE OF REPRESENTATIVES: <http://www.house.gov/representatives/>

Talking points to help start the conversation can be found on NAHMA's Grassroots Advocacy webpage, <http://www.nahma.org/grassroots-advocacy/urgent-issues/>.

for a calendar year into LIHTC allocation authorization applicable to the same year. The conversion ratio would be reset each calendar year to respond to changing interest rates. The administration estimated this would enable states to increase their housing credit caps by 50 percent.

Next, the administration again requested to add preservation of federally assisted affordable housing as an 11th selection criterion that state qualified allocation plans must include in their allocation of LIHTCs. The proposal would be effective for allocations made in calendar years beginning after the date of enactment. This request was included in the administration's fiscal years 2015 and 2016 budgets.

Another proposal added a third criterion to the LIHTC qualifying criteria. When a taxpayer elects this criterion, at least 40 percent of the units in the project would have to be occupied by tenants with incomes that average no more than 60 percent of area median income (AMI). No rent-restricted unit, however, could be occupied by a tenant with income more than 80 percent of AMI; and, for purposes of computing the average, any unit with an income

limit that is less than 20 percent of AMI would be treated as having a 20 percent limit. Maximum allowable rents would be determined according to the income limit of the unit. When the tenant moves out, if the unit is to continue to be rent restricted, the income restriction on the unit would revert to 60 percent of AMI. The administration included this request in its fiscal years 2015 and 2016 budgets; NAHMA supports this proposal.

In addition, the budget proposed to implement protections for victims of domestic abuse that would be required in all long-term use agreements. These provisions would apply to both the low-income and the market-rate units in the building. The owner could not refuse to rent any unit in the building to a person because that person had experienced domestic abuse. Moreover, an experience of domestic abuse would not be cause for terminating a tenant's occupancy. Under the agreement, an owner could bifurcate a lease so that the owner could evict a tenant or lawful occupant who engaged in criminal activity directly relating to domestic abuse. The administration included this proposal in the fiscal years 2015 and 2016 budget requests, and has done so again because the 2013 Violence Against Women Act Reauthorization lacked enforcement provisions for LIHTC properties.

Finally, the budget proposed to allow HUD to designate any census tract as a Qualified Census Tract (QCT) if it meets the current statutory criteria with a poverty rate of at least 25 percent, or 50 percent or more of households with an income less than 60 percent of AMI. In essence, the proposal would remove the current limit under which the aggregate population in census tracts designated as QCTs cannot exceed 20 percent of the metropolitan area's population. This change would apply to buildings that receive allocations of LIHTCs or volume cap after the date of enactment. This proposal was first included in the FY 2016 budget. **NN**

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State of Rental Housing And Affordability in America

IN DECEMBER 2015, THE HARVARD Joint Center for Housing Studies (JCHS) released a report on rental housing titled, *America's Rental Housing: Expanding Options for Diverse and Growing Demand*, which provided excellent analysis of the rental market, including demographic trends, affordability and supply.

JCHS found that in mid-2015, 43 million families and individuals lived in rental housing, up nearly 9 million from 2005. In addition, the share of all U.S. households that rent rose from 31 percent to 37 percent, its highest level since the mid-1960s. Many factors have contributed to this historic rate of renters. "The sharp downturn in both the economy and housing market has renewed appreciation of the benefits that renting offers, including mobility to employment markets, less financial risk from homeownership, and relief from the out-of-pocket expenses of property maintenance," according to the report.

DEMOGRAPHICS OF RENTERS

Demographic trends can help explain the rise of new renters. According to JCHS, millennials, defined as those born between 1985-2004, have increased the share of renters by nearly 1 million over the past decade, while members of Generation X, those born between 1965-1984, added 3 million renters, and the number of baby boomers, those born between 1946-1964, renting increased by 4.3 million.

Similar trends exist based on income levels; 4 million households earning less than \$25,000 annually were the largest increase in renters. As

the report noted, this was "Both because low-income households are much more likely to rent and because their numbers had swelled following the recession." Comparable growth in renters was found in high-income levels. The number of renters earning \$50,000 or more was slightly more than 3 million and renters earning \$100,000 or more saw an increase of 1.6 million. JCHS stated, "While such high-income households still represent a relatively small share of renters, the rate of growth in this segment has far outpaced that of other income groups and testifies to the growing appeal of renting among households with substantial financial means."

Finally, relationship status shows similar trends. Single persons living alone are still the most common renter and saw an increase of 2.9 million new renters since 2005. Families with children are the second-most common type of renter household and increased by 2.2 million over the past decade. Families with children include both single parents and married couples. One final group is unrelated adults living together. Regarding this group, JCHS stated, "the conventional image of renters is groups of young unrelated adults living together, these types of nonfamily households make up a relatively small share of all renters and their numbers have grown only modestly in the past 10 years."

AFFORDABILITY AND SUPPLY

With the amount of renters increasing, the supply of units available is significantly challenged. According to JCHS, "the rental housing stock expanded

by approximately 8.2 million units in 2005-2015. However, the majority of this new stock is located in large properties in urban areas and intended for upper-income renters. The median asking rent for new market rate apartments hit \$1,372 last year, a 26 percent increase from 2012 and well above what the typical renter could afford under the 30 percent of income standard. Indeed, only 10 percent of newly constructed units had asking rents under \$850, a level that about half of all renters could afford."

Between 2001 and 2014, the number of cost-burdened renters—renters paying more than 30 percent of income for housing—increased from 14.8 million to 21.3 million, a new high. More problematic, the number of these households with severe burdens—renters paying more than half of income for housing—jumped from 7.5 million to 11.4 million, also a new high.

The JCHS report only highlights what NAHMA members deal with on a daily basis. The current rental market presents challenges to low-income renters. As the JCHS report stated, "Addressing the challenge of affordability in a time of rising overall demand will require greater efforts from both the public and private sectors to expand the range of rental housing options." NAHMA and our members remain committed to finding solutions to address our nation's rental housing crisis.

A NAHMA analysis on the JCHS report is available on the NAHMA website. **NN**

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

LIHTC Showcase Highlights Value, Diversity Of Most Effective Affordable Housing Program

TO ACKNOWLEDGE THE 30TH anniversary of the passage of the Tax Reform Act of 1986—which enacted the low-income housing tax credit (LIHTC)—Novogradac & Company in January published *The Low-Income Housing Tax Credit Showcase*, a 166-page special report on the program that provides the majority of low-income affordable rental housing in the United States.

The LIHTC Showcase, which is available for free on our website, is a multifaceted report. It contains a history of the credit; information about residents of LIHTC properties; an explanation of the variety of types, sizes and locations of LIHTC developments; a view of the LIHTC from the perspective of residents, state housing agencies, developers, investors and syndicators; a history of pricing for the LIHTC; and profiles of 71 properties financed through the LIHTC.

This is an important document highlighting why the LIHTC has succeeded.

The 71 properties were previously featured in the *Novogradac Journal of Tax Credits* from 2012-2014 and represent the types of properties financed by the credit as the nation recovers from the Great Recession. They come in a variety of shapes, sizes and types and cover much of the nation.

And while we focused on properties that have been developed or renovated recently, one of the great strengths of the LIHTC is its ability to change and adapt to circumstances. That's been true through five presidential administrations and myriad shifts in governmental policies and economic trends—through the deregulation and Reaganomics of the 1980s, the recession and then the dot-com boom of the 1990s, the Great Recession that began in 2008 and the subse-

quent recovery of the past half-decade.

The LIHTC Showcase property profiles reveal why the LIHTC remains one of the great examples of a successful public-private partnership. For 30 years, the LIHTC has enabled and encouraged those involved in affordable housing—and many who weren't originally involved—to partner and provide housing for those who need it most. As the LIHTC Showcase reveals, the flexible nature of the credit allows a tremendous diversity of geographical, demographic and physical success.

VARIETY OF LIHTC DEVELOPMENTS

There are all types of LIHTC properties.

Included among the 71 featured properties are developments for residents displaced by tornadoes that hit Tuscaloosa, Ala., and Joplin, Mo., as well as new senior housing built in the wake of Hurricane Sandy's devastation in New Jersey. It's important to note that while this first edition of the showcase features properties in 34 states and territories, the LIHTC has created and preserved affordable rental housing across the nation's states and territories.

The LIHTC Showcase also highlights how tax credit properties make a difference in the lives of those who served in the military. We profile a former ironworks foundry in Indianapolis that is now the home to 75 formerly homeless veterans; a historic military base in Minnesota that features 58 apartments for homeless veterans and their families; the first phase of what will ultimately be a 180-unit full-service veteran's complex and service center in Kansas City; and a two-phase complex in Battle Creek, Mich., that provides

permanent supportive housing to formerly homeless veterans. "When I finally got my apartment," said one new resident of the Michigan complex, "that took a load off and I could concentrate on other things I needed to do to survive."

Disabled Americans also benefit from the LIHTC, as shown in the report. We profile Jack Capon Villa in Alameda, Calif., where special-needs adults on a limited income live in their own apartments. We also examine a complex in Reno, Nev., that offers a generous percentage of its rental homes to tenants with special needs while partnering with the state health care agencies, as well as a 22-unit complex in Madison Heights, Va., that was built to accommodate people with disabilities. "This is the type of development that we are proud to be a part of because of the need it fulfills in the community," said Jim Chandler, director of the Virginia Housing Development Authority.

Another example of the flexibility and effectiveness of the LIHTC is how it serves seniors—the coming "silver tsunami" of baby boomers who are reaching their golden years. The LIHTC Showcase gives several examples of how the credit was used to finance senior properties: a complex that got a makeover in the arts district of Phoenix; a 98-unit property that is the first residential component of a master-planned transit-oriented development in Washington, D.C.; an environmentally friendly apartment complex in Boise, Idaho; a former elementary school in Burlington Township, N.J., that now features 75 affordable rental homes for seniors; a former high school that became affordable housing for seniors in oil-boom-impacted

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TAX CREDIT, continued from page 12

Williston, N.D.; and many more.

The Showcase reveals how the LIHTC can assist in tribal housing, with a profile of a 68-home single-family-residence development on the Yakama Nation Reservation near Wapato, Wash.

Tax credit housing can also be used to benefit formerly homeless residents, as we point out with profiles of a former skid row hotel in Los Angeles that now is a community of 151 efficiency rental homes, as well as a profile on a permanent supportive housing property that moved from the center of Fort Collins, Colo., to the suburbs to help people escape the cycle of homelessness.

And of course, there are plenty of profiles of LIHTC-financed properties that are for the entire family—from Los Angeles to Bennington, Vt.; from Miami to Seattle; and all the way to the U.S. Virgin Islands. There are garden-style apartments featured, as well as single-family homes, multistory buildings, single room occupancies and the adaptive reuse of historic buildings.

We featured LIHTC developments that were formerly a suburban skyscraper (in South Bend, Ind.), an iconic hotel (in Marshalltown, Iowa), administrative buildings for a college campus (in Emporia, Kan.), a firehouse (in Duluth, Minn.), a hosiery and furniture mill (in Asheboro, N.C.) and land owned by a hospital (in Brooklyn).

It's in the property profiles that we uncover details of the larger tapestry of LIHTC success. How people all over the nation—13.3 million through 2013, according to an estimate by the National Association of Home Builders—have found homes in properties built through the LIHTC. That housing comes in all varieties, influenced greatly by the local needs that are reflected by the state's qualified allocation plan (QAP). The LIHTC recognizes that what works in rural Indiana is different from what succeeds in Boston. It acknowledges that the needs in Dallas

are different from those in Detroit. The LIHTC Showcase profiles properties where those local needs are being met every day.

MAKING A POINT

After we published the LIHTC Showcase, we delivered copies to each member of Congress who had a property featured from their district or state, as well as lawmakers in leadership roles and who serve on the tax writing Senate Finance Committee or House Ways and Means Committee. Our hope is that by reading the LIHTC Showcase, legislators and other decision-makers will see what those in the affordable housing world already know: that the LIHTC is an invaluable resource to build much-needed housing in America. Not only should the LIHTC be preserved during any upcoming tax reform discussion, it should be expanded.

The LIHTC is, as Timothy Wheat of Pinnacle Housing Group said in an interview for the special report, “probably the most successful public-private partnership of the 20th and 21st centuries.” As Wheat added, “It’s the sun that all the other [affordable housing] programs revolved around. It’s the center of the solar system.”

And as we commemorate 30 years of the LIHTC, let’s recognize how significant it is that a program instituted during the Cold War remains effective and vibrant. “The longevity of the program has been pretty remarkable,” said Tom Dixon, vice president of acquisitions at Boston Capital in the LIHTC Showcase. “In so many programs, five years is an eternity. This has been here since 1986.”

Our hope is that the LIHTC Showcase helps explain that success and helps pave the way for decades more of success. **NN**

Michael J. Novogradac, CPA, is managing partner of Novogradac & Company LLP CPAs, specializing in affordable housing, community development, historic preservation and renewable energy.

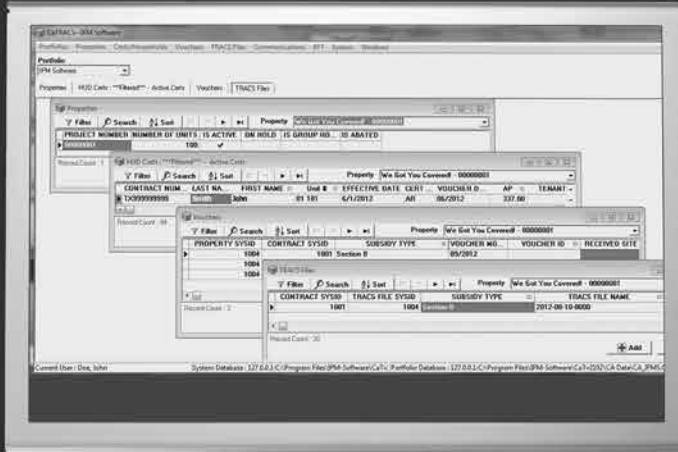
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Honoring Outstanding Achievements in the Industry

One of the highlights of NAHMA's Federal Affairs Issues winter meeting in March was the AHMA and Industry Awards given to individuals and organizations whose work illustrates the best that affordable housing has to offer. Gianna Solari, president, Solari Enterprises Inc., hosted the event.

Photos by Larry Falkow

NAHMA INDUSTRY STATESMAN AWARD

The award is given to a NAHMA member either in or nearing retirement in recognition of many years of outstanding leadership and service to NAHMA and the affordable housing industry. There were co-recipients this year.



Dan Murray, NAHP-e, is a licensed real estate broker with several industry designations as well as more than 40 years of experience in the field of affordable housing. He has held executive positions at Corcoran Jennison Management Company (CMJ), Metropolitan Properties and Winn Management, and Boston Financial Group. In 1997, he

returned to CMJ/Corcoran Jennison Companies as the president. During his tenure at CMJ, Murray worked in Ireland with the government to support the provision of skilled property management companies in the oversight of affordable housing. His involvement in the transformation of the New Orleans portfolio after Hurricane Katrina helped to transition the properties to continue to provide decent, safe and affordable housing in a state that sorely needed it. Murray worked with Celtic Property Management from 2012-2015 as the executive director mentoring the senior staff and working in strategic planning for the company. He recently retired and acts as a consultant one day per week. Murray has been extremely active in NAHMA, filling many roles including that of president from 2009-2011. In 2012, he received the Industry Achievement Award. He has taught courses in property management for the Institute of Professional Executive Development, the Boston Center for Adult Education, the National Association of Homebuilders, and the Institute of Real Estate Management, where he has also held leadership positions. Murray lives in Arizona and Ireland with his wife, Gaye, and travels frequently to various locations.

William Wollinger, SHCM, NAHP-e, chief operating officer and member of the board of directors for WinnCompanies, has worked in the property management industry since 1971 and has served



the Winn organization for more than 35 years. Collaborating with the board of directors and senior leaders, he helped to define the company's vision; ensuring the implementation of the company's objectives while delivering high-quality services to its clients and residents. During his tenure, Wollinger helped expand the company to become one

of the largest management organizations in the country. Prior to joining Winn, Wollinger served as an officer in the United States Army. He holds a Bachelor of Science degree from the University of Massachusetts Amherst. Over his more than 40 years in the property management industry, he has won several awards including NAHMA's President's Award in 2005, the Greater Boston Real Estate Board Rental Housing Industry Excellence Award in 2009, the New England Affordable Housing Management Association Lifetime Achievement Award in 2011 and the 2011 National Apartment Association Education's Institute's Apartment Career and Education Award. He served on NAHMA's board of director for many years, and has been instrumental in the identification and launch of numerous strategic initiatives for the organization.

NAHMA PRESIDENT'S AWARD

This elite award is given each year to an individual or organization selected by NAHMA's president.



The winner of this year's President's Award is **Scott Reithel, NAHP-e, CGPM**, vice president of property management for Community Housing Partners. He began his multifamily property management career more than 35 years ago and has been a property management executive for several national and regional companies. Reithel graduated from

Roberts Wesleyan College in Rochester, N.Y., with a bachelor's degree in sociology and social work, and he attended the Univer-

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HONORING OUTSTANDING ACHIEVEMENTS, *continued from page 17*

sity of New York at Albany studying toward his master's in social work. Reithel has been a property management instructor with the Milwaukee Area Technical College and is a guest lecturer at Virginia Tech. He is active in NAHMA, where he is a past president. Additionally, he was involved in MAHMA where he was a three-time past president. He also served as the vice chair of the NAHMA Educational Foundation and is a certified member of the Institute of Real Estate Management. Reithel has received national recognition awards from the Eli Lilly drug company and the National Mental Health Association, as well as the Milwaukee Ovation Award for his work in developing housing and programs for persons with mental illness. In addition, he has been recognized by the Department of Housing and Urban Development (HUD) for his work in the area of fair housing.

INDUSTRY PARTNER AWARD

The award is given to a government agency, nonprofit, business or other partner that has made a significant contribution to the cause of affordable housing in the previous year.



Francis Thomas, director of contract administration for the New Jersey Housing Mortgage Finance Agency (NJHMFA), was honored this year. Thomas has worked for NJHMFA for more than 30 years where he sits on the agency's Management Task Force. Additionally, Thomas served as an advisor to JAHMA and has worked tirelessly on programs

for the JAHMA Foundation. In that capacity, he has judged the local calendar contest, assisted in the setting up of criteria for the awarding of scholarships and assisted in establishing the Veterans Assisted Housing Program. He also assisted with setting up the In Time of Need furniture program. He not only participated in the JAHMA annual fundraising golf outing for the last 13 years, but also assisted with the arrangements to make sure that it ran smoothly. His efforts have been a large part of what has enabled the JAHMA Foundation to raise and distribute \$1.5 million over the last 13 years through its various programs.

NAHMA INDUSTRY ACHIEVEMENT AWARD

Given to a NAHMA member who has exhibited significant or noteworthy leadership in recent activities.

The award was presented to **Sandy Aldrich, FHC, NAHP**, who has worked in the affordable housing industry for more than 30 years. She started her career at Davis County Housing Authority managing Section 8 certificates and vouchers and then moved to Danville Development Corporation as the occupancy director. Her job was



to assure HUD occupancy compliance within the company managed properties and much of her time was spent training employees and helping to reorganize troubled properties. During this time, Rocky AHMA was seeking new facilitators for its training program and Aldrich had the opportunity to teach a Basic HUD Occupancy course. Within a short time, she wrote and presented several additional courses. In 2003, Aldrich was asked to serve on the Rocky AHMA board of directors. She also assisted in the development of the Basic Occupancy and Advanced Occupancy online training courses. These courses now help further the training commitment of the AHMAs to advancing knowledge of occupancy requirements.

NAHMA AFFORDABLE HOUSING ADVOCATE OF THE YEAR AWARD

Recognizes a NAHMA member who has demonstrated a strong commitment to advance NAHMA's legislative priorities through public policy advocacy.



Larry Sisson, FHC, SHCM, NAHP-e, CGPM, was honored as the Housing Advocate of the Year. Sisson is president of TESCO Properties Inc., where he heads the management operations, directly supervising the regional managers. He is also the coordinator for selected apartment complexes, as well as coordinator of major renovations. Sisson holds the Certi-

fied Property Manager designation, National Affordable Housing Professional-Executive designation, Certified Occupancy Specialist designation and Housing Credit Certified Professional designation. He serves on the Leadership Council of SAHMA and is a past president of the organization. Sisson is also a member of NAHMA's board of directors. He was recognized for his outstanding leadership of NAHMA's Regulatory Affairs Committee as vice chair, and then chair, over the past four years. Sisson is a national instructor and is certified to teach NAHMA's Fair Housing Compliance course and the Certified Professional of Occupancy course. He has also taught Real Estate Assessment Center (REAC) inspection protocol on a national level.

AHMA OF THE YEAR AWARD

This award is presented to the AHMA that demonstrates outstanding success in its membership recruitment and retention, training programs, financial stability, frequency and attendance at meetings, and other factors. There were three winners in three size categories this year.



Large: SAHMA

SAHMA continued to excel at attracting new members while holding on to existing members. The association experienced a 70 percent recruitment rate and 82 percent retention rate for 2015.

Encompassing eight states

and the Caribbean, SAHMA continued to emphasize education by providing 39 informative events for more than 1,050 students. SAHMA hosted nine state-level meetings, which attracted more than 4,000 participants, as well as took a greater role working with colleagues in Kentucky as a partner in the annual Housing Management Conference and facilitated a service coordinator track in Alabama and Kentucky. SAHMA continued to concentrate on providing a diverse and extensive catalog of member services, and established creative partnerships that offer SAHMA members some wonderful opportunities.



Medium: JAHMA

JAHMA's 10 percent increase in subscriber members and near perfect retention rate in 2015 helped lift the AHMA from a small-sized organization to the medium-sized classification. JAHMA also increased its total course

offerings from seven to 10. Its two-day Spring Management event attracted more than 480 participants. In May, JAHMA held a fundraiser golf outing that netted more than \$100,000, which provided scholarship grants in the amount of \$46,000. Additionally, the JAHMA Foundation has provided more than \$1 million of assistance to residents of affordable housing across New Jersey in the last 15 years in the form of the Annual Scholarship Program, and the In Time of Need furniture program, in partnership with Thomsville Home Furnishings of New Jersey and AFR Furniture Rentals.

Small: PennDel AHMA

PennDel increased the number of membership meetings and individual training courses over the last 12 months. Forty-eight mem-



bers have earned the SHCM designation and 13 have the NAHP-e credential while the number of maintenance certification applications increased 120 percent. The AHMA continued to support the NAHMA Educational

Foundation, presenting a \$10,000 check at the fall meeting. The funds were raised through advertising sales in the PennDel AHMA's Fall Conference Journal. Besides the foundation, PennDel members supported the Wounded Warrior Project. Also during its fall conference, members donated canned goods to benefit the Food Bank of Delaware, while the annual toy drive benefitting the Salvation Army continued to grow. PennDel is also a supporter of Delaware-HousingSearch.org and PAHousingSearch.org.

AHMA COMMUNITIES OF QUALITY AWARDS

This award honors AHMAs with superior numbers of Communities of Quality (COQ) properties and active COQ recruitment and recognition programs.



Large: SAHMA

SAHMA aggressively marketed the COQ National Recognition Program to its members through social media posts, recognition of its 508 member COQ properties at its state meetings and regional conferences, and

regularly acknowledged the nationally recognized properties by featuring photos of the communities on its home page each month.

AHMA INNOVATION AWARD

Given in recognition, by AHMA size, of a new program, service or activity that an AHMA began sometime in late 2014 or in 2015.



Large: SAHMA

Through its Get Involved campaign, SAHMA introduced two innovative opportunities where members can let the AHMA know that they wish to get involved. First is table tent cards displayed

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HONORING OUTSTANDING ACHIEVEMENTS, *continued from page 19*

at all of its state meetings and conferences that contain detailed information about how members can get involved. On the bottom of the tent cards are rip away cards for future volunteers to fill out and return to the registration desk. Second is a Get Involved page on SAHMA's website where prospective volunteers can read about volunteer opportunities and sign up. As a result of the campaign, SAHMA created follow up emails and letters to insure that each person who reached out to the AHMA has been contacted and given a volunteer opportunity.



Medium: MAHMA, co-winner

Through partnership with MAHMA and other housing entities, the Children's Hunger Alliance has been able to expand the reach of its Summer Feed Program

opportunities. MAHMA worked to connect member properties with the alliance in order to provide safe locations where children can come to receive a healthy lunch and spend time with friends. MAHMA staff also served as volunteers for the alliance. Enrichment programs provided through the program allow children to succeed in the classroom and help them retain more of what they have learned during the school year. Since 2012, the Children's Hunger Alliance has increased its number of distribution points from 174 to more than 300 and the meals served have increased from 430,000 to almost 631,000.

Medium: NEAHMA, co-winner



NEAHMA introduced Wednesday Webinars as an initiative to increase training revenue with very low expenses. NEAHMA offered more than 24 webinars with an attendance of 10-35 people per webinar. The webinars have brought in an additional \$20,000. They have also enhanced members' benefits because they

provide another educational option for properties that may have geographical or budget constraints for attending live classroom training. The feedback from members had been so positive, that the NEAHMA Training & Education team decided to add Fair Housing Friday webinars to the curriculum in 2016. A second initiative NEAHMA undertook was to develop creative ways to help support the fundraising efforts of the NAHMA Educational Foundation.

NAHMA COMMUNITIES OF QUALITY AWARD

Given annually to NAHMA members who have the most properties total—since the program inception—and who have the most newly listed properties in the past year on the COQ National Recognition registry based on data maintained by staff.



Most New: Mansermer Inc., headquartered in Duluth, Ga.



Most Overall, co-winners: National Church Residences, headquartered in Columbus, Ohio



And WinnResidential, headquartered in Boston.

Keeping up to Date With Federal Affairs

NAHMA'S FEDERAL AFFAIRS ISSUES WINTER MEETING in March drew 180 members who attended educational panels specifically geared toward the affordable housing industry and led by the people who are experts in their fields. Additional activities during the three-day affair included the Business Exchange, Industry and AHMA Awards, see page 17, Communities of Quality Awards luncheon and keynote speaker, Danny Vargas, founder and president, VARCom Solutions. The event concluded with prearranged Capitol Hill meetings with congressional representatives and their staff. The association's next event is the Public Policy Issues summer forum, June 15, held in conjunction with the NAA Annual Conference and Exposition in San Francisco.

For more photos, visit the association's Facebook page; search NAHMA. Photos by Larry Falkow



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- First Realty Management
- Housing Management Resources Inc.*
- Jewish Community Housing for the Elderly
- Mansermar Inc.
- Metropolitan Associates
- Peabody Properties Inc.
- PRD Management*
- Southern Development Management Company Inc.
- Spear Management
- TESCO
- The Community Builders Inc.
- The Schochet Companies
- Walton Community Services
- Wesley Housing Corporation of Memphis Inc.*
- Westminster Company
- WinnResidential

*Housing Management Resources Inc., PRD Management and Wesley Housing Corporation of Memphis Inc., have achieved COQ Recognition status for 100 percent of their portfolios.

Modernization Bill Pass The House

The U.S. House of Representatives passed H.R.3700, the Housing Opportunity through Modernization Act, on Feb. 2 with an unprecedented bipartisan final recorded vote of 427-0. The vote represented a victory for affordable housing providers as it showed that lawmakers are open to reforms that improve rental assistance programs. NAHMA has supported H.R.3700 since its introduction by Rep. Blaine Luetkemeyer (R-MO) in October 2015. Additionally, NAHMA recently signed on to an industry letter in support of the bill.

According to the industry letter, “The U.S. Department of Housing and Urban Development’s rental assistance programs face difficult budget pressures, and this reform legislation would help state and local agencies stretch limited funds and minimize the risk of harsh cuts in assistance to needy families. These reforms ease administrative burdens for housing agencies and owners, while delivering fairer and more efficient assistance to low-income families. In addition, the bill provides new tools to preserve affordable housing, reduce homelessness, increase self-sufficiency and expand access to areas of greater opportunity.”

Should the bill pass the Senate, it will reform rental assistance programs through the following changes.

- HUD will closely examine what income deductions can be taken when determining a tenant’s rent responsibility, such as excluding a student’s earned income and tuition assistance, as well as the amounts in their educational savings accounts. The deduction for an elderly or disabled family would be increased from \$400 to \$525 and the deduction for dependents would be increased from \$480 to \$525. Dependents with disabilities would need to be certified as disabled and unable to work by the public housing agency (PHA). HUD will also be required to provide financial hardship

exemptions for the requirements related to health care and child care expenses.

- Income reviews will be conducted when a family’s income or deductions result in a 10 percent increase in annual adjusted income. The family may request a review if their annual adjusted income is expected to decrease by 10 percent. A PHA or property owner would be directed to use estimates of family income for the upcoming year when determining eligibility for initial occupancy or housing assistance. For annual reviews, where applicable, income from the preceding year would be used. HUD’s Disaster Housing Assistance Program would be subject to income verification requirements.

- For project-based vouchers, a PHA may use as much as 20 percent of its voucher allocation for project-based assistance, instead of 20 percent of the funding available for vouchers. An additional 10 percent would be allowed for units for individuals or families that are homeless, veterans, disabled or elderly. Project-based voucher assistance has an income-mixing requirement that restricts assistance to 25 percent of dwelling units in a project. The measure would allow it to be used for 25 percent of units or 25 total units, whichever is greater. The allowable contract term for project-based vouchers will be increased from 15 years to 20 years.

- Additionally, the bill will allow the U.S. Department of Agriculture to delegate its authority to approve and execute loan guarantees under the single-family housing loan guarantee program to certain preferred lenders, according to standards established by the department.

There were 13 amendments attached to the bill and most were passed as part of the bill. These amendments include the following.

- Amendment 910 maintains that families receiving certain federal housing assistance are permitted to deduct all reasonable child care expenses when calculating adjusted

income. It was introduced by Rep. Maxine Waters (D-CA) and was adopted by a voice vote.

- Amendment 911 requires HUD to conduct a study on the impacts of the decreased deductions on rents paid by the elderly and individuals with disabilities, and families assisted under Section 8. It was introduced by Rep. Terri Sewell (R-AL) and was adopted by a voice vote.

- Amendment 913 requires HUD to publish model guidelines for minimum heating requirements for units operated by PHAs receiving federal assistance. It was introduced by Rep. Grace Meng (D-NY) and was adopted by a voice vote.

- Amendment 915 allows the property taxes paid on mobile homes, insurance payments, utilities and financing to be included as components of the housing costs eligible for Section 8 payments. It was introduced by Rep. Peter Welch (D-VT) and was adopted by a voice vote.

- Amendment 916 directs HUD to reopen public comment for the Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program interim rule, which was originally published in July 2012. This amendment seeks to allow stakeholders the opportunity to provide input on how HUD’s resources can be most equitably used to end homelessness. It was introduced by Rep. Scott Peters (D-CA) and was adopted by a voice vote.

- Amendment 920 directs HUD to work with the Labor Department to produce an annual report on interagency strategies to strengthen family economic empowerment. It was introduced by Rep. Sheila Jackson Lee (D-TX) and was adopted by a voice vote.

H.R.3700 has been referred to the Senate Banking, Housing and Urban Affairs Committee. It is unclear how quickly the bill will progress through the Senate. The industry hopes H.R.3700 will not face opposition. **NN**

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REAC Issues New Bedbug Inspection Protocols

The Department of Housing and Urban Development (HUD) amended the inspection protocol requirements to be followed by all Uniform Physical Condition Standards (UPCS) inspectors who conduct physical inspections of HUD assisted and insured properties. These amended inspection requirements are applicable to all properties, subject to UPCS physical inspections, reported to have or suspected of having bedbugs. The changes went into effect Feb. 1. Notice 2016-01 amended, in part, the inspection protocol requirements put in place in 2010 in response to the re-emergence of bedbugs.

Under the changes, Real Estate Assessment Center's (REAC) inspectors are required to report the presence or existence of bedbugs at any property being inspected and enter any unit reported to have bedbugs that is part of the sample generated.



To read the complete protocols, visit www.nahma.org and click on the HUD Issues webpage, and scroll to the REAC listing.

If bedbugs are reported by the property agent or found during the inspection, the inspector is required to call the Technical Assistance Center (TAC) to report the presence and location of the bedbugs and obtain a TAC number. The TAC number and the building(s) and units(s) with bedbugs are recorded in the comments section of the report.

If the property representative refuses entry to units reported to have bedbugs, the inspector must call TAC immediately, obtain a TAC number and record that number in the comments field, and mark the inspection as unsuccessful. The presence and the treatment of bedbugs on a property will not be scored in the UPCS inspection.

According to the notice, HUD believes bedbugs are nocturnal and usually hide on upholstered furniture or beds. The notice said that an individual's movement in a unit during inspection makes it difficult for bedbugs to find a host, and thus the threat to inspectors is low for bedbugs to be carried out on the inspector following a routine inspection. **NN**

HUD Releases a Revised MAP Guide

The Federal Housing Administration (FHA) published, in February, a new consolidated handbook to guide lenders on underwriting all FHA-insured multifamily housing construction and rehabilitation transactions. The revisited Multifamily Accelerated Processing (MAP) Guide offers a new operating manual for multifamily underwriting through the MAP program.

According to the press release, "FHA's new Multifamily MAP Guide is intended to cut the time required to approve loan applications and to assure consistent application of program requirements and credit standards across all HUD processing offices."

While the provisions in the new MAP Guide become effective for all applications for FHA multifamily mortgage insurance received after May 28, FHA has the authority to approve transactions that incorporate the new policies immediately for projects with firm commitments issued or reissued after date of publication.

The Department of Housing and Urban Development (HUD) reported that there are approximately 90 MAP lenders originating FHA-insured multifamily housing developments. The press release said, "Updating and clarifying the MAP Guide supports an estimated \$11 billion of FHA insured lending each year. In addition, the updated MAP Guide reflects significant progress over the past five years to improve processing times and to better align FHA multifamily transactions with industry standards and practices, especially those supported by the Low-Income Housing Tax Credit (LIHTC) Program."

Revisions incorporated in the new MAP Guide are categorized into four main areas: technical corrections and edits based on operational experience; integration of previously published policy (e.g., mortgagee letters, housing notices, memos and less formal guidance) issued since 2011; incorporation of the significant organizational and operational business model changes associated with the Multifamily for Tomorrow transformation initiative; and policy revisions. **NN**



The complete updated MAP Guide is available via the HUD Issues webpage at www.nahma.org.

Jury's Still Out on Streamlining Voucher Regulations Rule

The Department of Housing and Urban Development (HUD) issued the final rule titled, *Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs*, on March 1.

HUD initially began this regulation streamlining rule process in January 2015. HUD said the goal of the proposed regulation streamlining was to reduce the administrative burden on state and local governments, public housing authorities (PHAs) and private owners of HUD-assisted multifamily properties, by eliminating unnecessary requirements and improving overall efficiency within the programs. In addition, the rule was anticipated to relax regulations on state and local governments administering tenant-based rental assistance programs through HUD's HOME Investment Partnerships Program and Housing Opportunities for Person with AIDS (HOPWA) Program.

NAHMA's comments—available on the association's website—to HUD after the initial proposal was issued in 2015, applauded HUD for seeking to move toward a more risk-based approach to income verification for households with fixed incomes and for its efforts to streamline rules and reduce regulatory burdens. Still NAHMA questioned HUD on the proposal for PHAs and multifamily housing owners to define annual income as either actual past income or projected income. While intrigued by this proposal, NAHMA found that it may be difficult to implement and that greater clarification was necessary so that owners who were using past actual income would not be in noncompliance by using the projected income.

The May/June *NAHMA News* will provide a greater analysis of the final rule. In the meantime, the rule can be found on NAHMA's website on the HUD Issues page under Section 8. **NN**

Online Application for Scholarship Program Opens

The NAHMA Educational Foundation is now accepting 2016 applications for scholarships. This is a wonderful opportunity for student/residents residing at AHMA-affiliated apartment communities to apply for scholarship funding for the 2016/2017 school year to help defray their ever-escalating tuition costs. Residents must be matriculated students at a community college, college, university or trade/technical school—high

school seniors may apply and then verify their acceptance at one of the aforementioned type institutions—and be a resident in good standing at an AHMA member apartment community. All applications must be filed online and the application link can be found by going to www.nahma.org and clicking on the Education Foundation icon. The application process requires submission of an application form, two references, an essay, a Certification of Residency in Good Standing form and an official current grade transcript. This year's deadline for completed applications is 10 p.m. Eastern time, Friday, May 27.

“In its first nine years, the foundation has worked diligently to expand the reach of the scholarship pro-

gram. More awards in more locations around the country and a larger pool of funds to distribute has been our goal. We are confident that 2016 will be no exception. Please encourage your student/residents to apply for a NAHMA scholarship today,” suggested NAHMA Educational Foundation Chairperson, Melissa Fish-Crane at the March NAHMA meeting in Washington, D.C.

Anyone with questions about the application process or the scholarship program in general should contact Dr. Bruce W. Johnson, NAHMA scholarship program administrator, at 215-262-4230 or at bwjec@comcast.net. There is still plenty of time to complete an application so please be sure to announce the program to your residents! **NN**



To apply for the 2016 NAHMA Educational Foundation scholarship, visit <https://scholarship.indatus.com/nahma> or learn more about the program by going to the NAHMA website at www.nahma.org and clicking on the Educational Foundation icon.

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REGULATORY WRAP-UP

HUD NEWS

ON FEB. 26, HUD HOSTED AN INDUSTRY DAY to encourage discussion among stakeholders of industry best practices related to HUD's Performance Based Contract Administration (PBCA) program in support of the Section 8 Project-Based Rental Assistance (PBRA) program within the Office of Multifamily Housing (OMH).

HUD PUBLISHED, IN FEBRUARY, THE NEW MEDIAN ZIP CODE RENTS and the 140 percent thresholds pursuant to the new Section 8 Renewal Guide released in August 2015. Users can find these new numbers under "What's New" at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/mfhsec8.

HUD ISSUED A MEMO EARLIER THIS YEAR CONTAINING INSTRUCTIONS FOR RENEWING PROJECT ASSISTANCE CONTRACTS (PACS) under the Section 202 and 811 programs for fiscal year 2016.

The instructions provide guidance to field offices for processing PAC renewals for FY 2016. The expiring PACs may be renewed for a period of one year only. Owners must submit an operating budget for all projects with an expiring PAC. If an increase in project assistance is requested, a detailed report on project needs and reasons for the increase must be provided, including the necessary increases to the Reserve for Replacement Account.

IN JANUARY, HUD ISSUED A NOTICE ADDRESSING THE PASSBOOK SAVINGS RATE used to determine annual income from net family assets. It became effective Feb. 1. The passbook savings rate is based on the national average provided by the Federal Deposit Insurance Corporation. The passbook savings rate for all move-in, initial, annual and interim recertification when a family has net assets more than \$5,000 is .06 percent. This percentage is unchanged from last year.

ON FEB. 18, HUD ISSUED RESPONSES TO A COLLECTION OF RECENTLY ASKED QUESTIONS on transferring budget authority under Section 8(bb). The questions and corresponding answers have been posted to NAHMA's website. As the Office of Multifamily Housing formulates additional responses to questions submitted, HUD will issue updates to this document. General policy questions may also be sent to 8bbor-214questions@hud.gov.

TO HELP IMPROVE TENANT SAFETY AND HUDS' OVERSIGHT OF THE HOUSING CHOICE VOUCHER (HCV) PROGRAM, REAC will introduce a new inspection protocol called UPCS-V. UPCS-V introduces new measures to enhance the consistency and objectivity of the inspection process, and will provide more information about the condition of individual housing units. Congress expressed the need to update the housing quality standards in order to reflect current advances in home inspections and changes to standards of health and safety threats in homes today. Through this initiative, HUD aims to clarify and streamline inspection processes for PHAs and inspectors, while increasing owners' and tenants' access to detailed information about their homes. For more information, visit the HUD website.

HUD'S OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY (FHEO) issued a notice soliciting comments through May 10 on its Affirmatively Furthering Fair Housing Assessment Tool for States and Insular Areas. HUD published the Affirmatively Furthering Fair Housing (AFFH) final rule in July 2015 to provide HUD program participants with a new process for planning for fair housing outcomes that will assist them in meeting their statutory obligation to affirmatively further fair housing. This process includes an assessment tool that must be used by program participants and is intended to evaluate fair housing in their jurisdictions, to identify barriers to fair housing choice and

PAY-FOR-SUCCESS PROGRAMS

A December *NAHMA* analysis explored the growing use of pay-for-success (PFS) programs, also known as Social Impact Bonds (SIBs). Read the entire analysis at www.nahma.org.

As federal funding for nondefense, discretionary spending continues to decline, many communities and lawmakers from across the country are turning to PFS programs or SIBs, as a means to finance solutions to social problems. PFS financing is an innovative model that leverages philanthropic and private dollars to fund preventive services, which are provided by nonprofits and other

nongovernmental entities upfront, with the government paying only when services generate measurable results that meet prespecified targets.

The Department of Housing and Urban Development (HUD) and other federal departments are engaging in PFS activities and there are at least seven projects across the country that are enabling local governments to contract for new services. The PFS/SIB models are an example of public-private partnerships that can be fostered in the absence of direct government funding.

opportunity at the local and regional levels, and to set fair housing goals to overcome such barriers and advance fair housing choice. The notice solicits public comment for a period of 60 days on the proposed State and Insular Area Assessment Tool. To further facilitate public input on the State and Insular Areas Assessment Tool, HUD will post sample maps and tables that are intended to provide options for presenting relevant data no later than March 18, 2016.

ON JAN. 20, HUD RELEASED A NOTICE OF FUNDING AVAILABILITY (NOFA)

with additional details for the Supportive Services Demonstration for Elderly Households in HUD-Assisted Multifamily Housing demonstration project. The NOFA offers a total of \$15 million—for up to 80 grants for a three-year demonstration—to eligible owners of HUD-assisted senior housing developments to cover the cost of a full-time enhanced service coordinator and a part-time wellness nurse as well as some startup costs. The goals of the demonstration are to produce evidence about the impact of a supportive services model in existing assisted senior housing developments in the areas of aging-in-place, transition home from hospital stays and/or time in a nursing home, housing stability, improved health outcome, etc. Applicants must be owners of existing eligible federally assisted multifamily properties (Section 202, Section 8, Section 515/8) with at least 50 assisted housing units. Unit count may be a combined count of total number in a campus setting. The development must be occupied by eligible tenants as defined in the grant synopsis.

IRS NEWS

THE INTERNAL REVENUE SERVICE (IRS) PUBLISHED A NOTICE CONTAINING FINAL AND TEMPORARY REGULATIONS that amend the utility allowance regulations for the Low-Income Housing Tax Credit (LIHTC). The regulations affect

owners of low-income housing projects that use the LIHTC, the tenants in those projects, and state and local housing credit agencies. The final regulations clarify the circumstances in which utility costs paid by a tenant based on actual consumption in a submetered rent restricted unit are treated as paid by the tenant directly to the utility company and they extend the principles of submetering rules to situations in which a building owner sells renewable energy to tenants and is not delivered by a local utility company. The IRS is accepting public comments for these regulations. NAHMA will draft its comments in consultation with its Tax Credit and Regulatory Affairs committees. To submit your own feedback to be included as part of NAHMA's comments, please submit your comments to NAHMA staff by April 18. The entire notice has been posted on the NAHMA website.

THE IRS ISSUED A NOTICE THAT AMENDS THE LIHTC COMPLIANCE MONITORING REQUIREMENTS to revise and clarify physical inspection and certification review rules. The IRS also published Revenue Procedure 2016-15 that further explains the implementation of the new regulations. The document contains final and temporary regulations for compliance-monitoring duties of a state or local housing credit agency on physical inspections and low-income certifications and other documentation. IRS originally requested comments on its compliance monitoring requirements in Notice 2012-18, issued in March 2012. To view the amendments to the Low-Income Housing Credit Compliance-Monitoring Regulations and Revenue Procedure 2016-15, including the Minimum Unit Sample Size Reference Chart, visit NAHMA.org. **NN**

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EDUCATION CALENDAR

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

APRIL

18-20

Tenn. State Meetings for Affordable Housing

Murfreesboro, TN
SAHMA
800-745-4088
www.sahma.org

CPO Course

Trevose, PA
JAHMA
856-786-9590
www.jahma.org

19

North Dakota Workshop

Bismarck, ND
Rocky AHMA
303-840-9803
www.rockyahma.org

The Annual REAC Prep Refresher & How to Appeal Your Score

Salem, OR
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

REAC

Detroit, MI
MAHMA
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<http://mahma.com>

19-20

South Dakota Workshop

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Rocky AHMA
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www.rockyahma.org

Rural Development Conference

Colorado Springs, CO
Rocky AHMA
303-840-9803
www.rockyahma.org

20

REAC

Webinar
SAHMA
800-745-4088
www.sahma.org

20

Utility Allowances from A-Z

Webinar
AHMA-NCH
510-452-2462
<http://ahma-nch.org>

21

Fair Housing Course

Baltimore, MD
Mid-Atlantic AHMA
804-673-4128
<http://mid-atlantichahma.org>

MOR Preparation

Conference Call Learning
SAHMA
800-745-4088
www.sahma.org

26

Understanding HOME

Webinar
Rocky AHMA
303-840-9803
www.rockyahma.org

EIV for Users

Oakland, CA
AHMA-NCH
510-452-2462
<http://ahma-nch.org>

EIV for Everyone (P.M. Session)

Oakland, CA
AHMA-NCH
510-452-2462
<http://ahma-nch.org>

Mass. Quarterly Meeting

Massachusetts
NEAHMA
781-380-4344
www.neahma.org

26-27

2016 Washington Affordable Housing Convention

Kennewick, WA
AHMA of Washington
360-561-3480
<http://ahma-wa.org>

26-28

Ky. Housing Management Conference

Louisville, KY
SAHMA
800-745-4088
www.sahma.org

27

Basic Electric Meters/ Troubleshooting & Understanding Exterior Design

Grants Pass, OR
Oregon AHMA
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www.oregonaffordablehousingmanagement.com

28

Hands-On Plumbing

Stoughton, MA
NEAHMA
781-380-4344
www.neahma.org

MAY

3-4

Regional Affordable Housing Conference

Detroit, MI
MAHMA
614-481-6949
<http://mahma.com>

4

Integrated Pest Management

Webinar
SAHMA
800-745-4088
www.sahma.org

5

A/C Repair (Six-Hour Class)

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AHMA-NCH
510-452-2462
<http://ahma-nch.org>

10

N.C. State Meeting for Affordable Housing

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10

Half-Day Fair Housing On-Site Practices

Rhode Island
NEAHMA
781-380-4344
www.neahma.org

10-11

LIHTC

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PAHMA
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11-12

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11-13

Montana Spring Workshop: Certified Professional of Occupancy

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12

Conn. Agency Breakfast Meeting

Connecticut
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16

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16-18

Ala. State Meeting for Affordable Housing

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Right Where She Belongs

AFTER BEING A MEMBER OF AHMA-PSW for 25 years, Lori Horn took the mantle of president in January. And she already has her sights on accomplishing a few goals.

Horn said the AHMA has experienced some changes with its executive staff, leaving the board members to step up and take a greater role until the new staff gets up to speed. Besides the new faces, Horn wants to step up the AHMA's advocacy work and expand educational programs

Francisco, since 2001.

In her current position, Horn is responsible for the management and operations of more than 190 affordable multifamily communities, including more than 11,000 housing units in Southern California. More than 25 percent of the inventory she oversees houses people with special needs, including housing for formerly homeless, disabled, transitional aged youth, veteran and senior popula-



I love going out in the field and seeing who we are doing this for," she said. "I'm really happy where I am. I've been at The John Stewart Company for 15 years and I still consider it a new job because I feel like I learn something new every day."

Prior to joining The John Stewart Company, Horn was vice president and director of property management for a privately held real estate investment trust headquartered in Los Angeles.

In November, Horn and her husband, Sidney, celebrated their 30th wedding anniversary. The couple has a daughter and two sons. **NN**

"I've been at The John Stewart Company for 15 years and I still consider it a new job."

especially in the area of Low Income Housing Tax Credits to match the skills the membership wants and needs.

She credits the emeritus members who have served as her mentors for making her transition to president easier, and would like to extend the mentoring to the younger generations joining AHMA-PSW.

"I'm proud to be the president and we have an amazing board. The long-time and emeritus members have really provided valuable knowledge. They've been so committed, nurturing and kind," she said. "It's also nice to see new talent emerge as leaders."

While Horn may be new to the board presidency, she is no stranger to leadership roles. She has served as vice president of the Southern California region of The John Stewart Company, headquartered in San

tions. All told, Horn oversees 450 employees, including on-site staff.

"We serve the really needy populations and I believe we really are making a difference in their lives," she said.

She has worked in property management for 30 years and does not see herself in any other industry even though she graduated the University of California, Los Angeles with a degree in economics and earned her real estate license. "Property management was a good match for my passions, skills and educational background," she said.

Additionally, Horn is a Certified Occupancy Specialist, Certified Credit Compliance Professional and National Affordable Housing Professional-Executive and Specialist in Housing Credit Management.

"I'm passionate about what I do.

Welcome New Members

NAHMA welcomes the following new members as of March 25, 2016.

ASSOCIATE

Paul Coleman, Volunteers of America

AFFILIATE

Mike Coco, Choice Property Resources Inc.

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

thelastword

Lift Your Voices

THE OBAMA ADMINISTRATION released its fiscal year 2017 budget request and almost immediately, the battle for needed dollars began. The president's proposed budget seeks a \$1.9 billion increase for the Department of Housing and Urban Development (HUD) and across the board increases for rural housing programs administered by the U.S. Department of Agriculture's (USDA) Rural Development while also pursuing additional preservation options that will maintain rural properties. See the lead article for the budget details.

As of press time, appropriations hearings had begun; however, lawmakers in the House and Senate are unlikely to adopt the administration's budget in its entirety. So the question becomes how much of the budget request will be stripped away?

NAHMA continues to advocate for the requested program increases as well as for language that promotes preservation and improvements at multifamily properties. Moreover, the

association will continue to work with Congress as it begins developing the FY 2017 appropriation bills.

However, it is equally important for stakeholders in the affordable housing industry (i.e., NAHMA members) to add their individual voices to the grassroots collective.

As an individual, you are the only one who can drive home to your representative how important this funding is, not only to your property, but also to your residents and to the greater community overall. Once your voice is added to the group, the collective becomes louder and stronger—making it hard for elected officials to ignore.

So how can you get involved? It can be as simple as sending a tweet to your representative on Twitter or as hands on as inviting your representative to tour your property and see for him/herself how the money is spent.

NAHMA provides an Advocacy Toolkit webpage under the Grassroots Advocacy tab on its site, www.nahma.org. There you can find frequently

asked questions, advice on how to advocate, fact sheets on the various issues important to the affordable housing industry and more.

Also on the webpage are 10 short videos created by the Congressional Management Foundation for NAHMA that can walk you through the process of communicating with lawmakers and their staff. Additionally, the NAHMA Maps feature, also under the Grassroots Advocacy tab, can help you find your representative while providing data specific to the elected official's district.

As the people on the frontlines of the affordable housing industry, it is up to all of us to make sure the communities, and more importantly the residents, we serve are not forgotten by Congress. Now is the time to raise our voices and urge our elected officials open the purse strings and fully fund HUD and USDA. **NN**

Ken Pagano, CPM, SHCM, NAHP-e, is president of Essex Plaza Management and president of NAHMA.

