

# NAHMA News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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## PBCA Transition Excludes MORs in Some States

As was reported in the last issue of *NAHMA News*, HUD in the second quarter of FY 2010 invited the submission of applications for new Performance Based Contract Administrators (PBCAs).

However, after the new PBCA selection announcements were made public on July 1, 2011, a number of PBCAs filed challenges with the Government Accountability Office (GAO) regarding some of the PBCA contract rebid outcomes.

Ultimately, 42 of the 53 PBCA contract awards had formal protests filed with GAO by applicants who lost the competition in those regions. HUD staff reported that it will continue the PBCA transition process in the 11 states/territories in which challenges **have not** been filed with GAO. These include Iowa, Maine, Minnesota, Montana, New Hampshire, North Dakota, South Dakota, Vermont, Wyoming, Puerto Rico and the U.S. Virgin Islands.

The PBCA transition will still occur on October 1 in these 11 states/territories, and PBCAs are expected to meet the transition deadlines specified in the PBCA Transition Guidebook.

*continued on page 4*



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# 25 Years and Counting for Calendar Contest

IT SEEMS IMPOSSIBLE THAT A quarter-century could have flown by since the start of the NAHMA Drug-Free Kid calendar/poster contest began—but it's true.

Our major fundraiser has been a great success. Not that it couldn't be even better. We'd love for more NAHMA-member properties to get more children and seniors engaged in creating artwork for the project, and we'd love for the AHMAs to encourage participation, perhaps by offering even greater incentives (read: prizes) for the contestants.

Still, it's hard to complain when a particular program successfully reaches its silver anniversary.

The theme for the 2012 calendar was "Open Doors with Your Imagination," and the sub-theme was "Explore the Magical World of Books and Reading." Clearly the participants were inspired by these themes, and we hope they cause all of our members to order copies for their properties and residents, and for the people in their businesses.

Based on the important anti-drug and violence message conveyed by the calendars, purchasing them is a HUD- and RHS-allowable expense. You may also earn points in your state's tax credit Qualified Application Process.

There is an order form in this issue of *NAHMA News* to make it easy for you to order the calendars, and though the black-and-white images don't do the colorful artwork justice, you can see on pages 17–21 how much care was put into creation of the posters. People who buy the calendar every year are always pleasantly surprised by how beautifully it's printed and how inspiring the artwork and message is.

## WHAT THE CONTEST MEANS FOR THE ENTRANTS

If you've not experienced it, imagine the excitement of residents who learn that they have won this national contest. It means scholarship money for them—\$2,500 for the grand-prize winner and \$1,000 for the national winners—or, in the case of seniors, funds for something that everybody in their residence can benefit from.

In addition, the original poster artwork is auctioned each year at a reception at NAHMA's fall meeting, which this year will be held on Monday, Oct. 24 at 6 p.m. at the Fairmont Washington Hotel in Washington, D.C. Each year at the poster auction reception, NAHMA's generous members and AHMAs bid to buy the original posters to support the educational scholarship program of NAHMA's Educational Foundation. Proceeds donated from this event have resulted in tens of thousands of dollars in scholarships provided to residents of NAHMA and AHMA member properties to further their education.

## A VALUE-ADDED SERVICE

The effort it takes to stage the poster contest is only as valuable as the extent to which the calendars are sold. The calendars are just \$5.50 each and very easy to order. You can use the enclosed order form, order online at [www.nahma.org/store/](http://www.nahma.org/store/) or call NAHMA at 703-683-8630 for a faxable order form.

We hope you will help make our 25th annual effort a truly outstanding one by purchasing calendars by the bushel! **NN**  
*Kris Cook is Executive Director of NAHMA.*

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In the 42 states and/or territories that had contested awards, HUD recently offered a temporary contract extension for incumbent PBCAs. However, the temporary contracts included no provision for conducting management occupancy reviews (MORs).

The incumbents were given five days to sign the contract and accept the new terms. As of press time, NAHMA was unaware of any incumbent PBCA who declined to accept the contract amend-

short-term contracts to reflect lower PBCA administrative fees.

Throughout the PBCA transition process, NAHMA has insisted that the burden of the transition must not fall on the properties. Several NAHMA members raised concerns that in the absence of a plan for conducting MORs, properties may not have a management review for 15 months—the term of the initial renewal, and the three successive three-month terms. These members feel the absence of MORs for an

## Throughout the PBCA transition process, NAHMA has insisted that the **BURDEN** of the transition must **not fall** on the **PROPERTIES**.

ments. The contracts are six-month extensions effective Oct. 1, 2011 and expiring on April 1, 2012. HUD has the sole discretion to extend the contracts for up to three additional and successive renewal terms of three calendar months each.

PBCAs will operate under reduced fees and reduced tasks. Under the new contract, incumbent PBCAs retain responsibility for processing rental adjustments, reviewing, verifying and authorizing Section 8 vouchers, renewing HAP contracts, and following up on health and safety issues.

### **A GLARING OMISSION**

Because MORs are missing from the list of PBCA responsibilities in the short-term contract, PBCAs cancelled MORs scheduled for September and beyond. NAHMA has made several inquiries to HUD about the MOR situation. Specifically, NAHMA wanted to know why conducting MORs was excluded from the tasks in the PBCA contract amendments, and what HUD's plans are for resuming and conducting MORs during the interim period. At press time, it appeared that MORs were one of the PBCA tasks removed from the

indefinite period may have unintended negative policy consequences which allow improper management practices to go undetected, while failing to recognize and affirm the outstanding efforts of the many diligent managers who work hard to keep their properties in compliance.

Several management agents also reported that MORs are a valuable evaluation tool which reassures policy makers, property owners and investors that the Section 8 portfolio is under sound management. In this climate of severe budget cuts, isolated anecdotal examples of poor management would provide ammunition to members of Congress who want to cut funding for affordable multifamily programs.

### **UNCERTAINTY ABOUT THE PROTESTED AWARDS**

The 42 protested states and/or territories will be re-competed through a Notice of Funding Availability (NOFA) process.

HUD's goal is to publish the NOFA by the end of October.

NAHMA has sought clarification from HUD regarding its plans to re-compete the contracts for the 42 protested states/territories through a NOFA. Specifically, NAHMA has asked the following questions:

- What are the legal distinctions between awarding PBCA contracts through a NOFA rather than the previous invitation for submission of applications HUD employed in March?
- Will PBCA contract awards issued under a NOFA be subject to further legal and/or procedural challenges? If so, how will HUD ensure

property operations are not disrupted as a result of protracted challenges?

- Is there a precedent for HUD to award similar contracts through a NOFA process? In other words, has HUD ever successfully used the NOFA process to contract with outside organizations to monitor regulatory compliance of recipients of HUD funds?

- What measures will HUD put in place to ensure transparency, fairness and a level playing field for applicants in the rebid? For example, one PBCA expressed concern that only the winning bids were disclosed after contract awards were announced, which the PBCA feels might give the losing applicants an advantage in the rebid.

NAHMA will keep its members apprised of the status of the PBCA transition. **NN**





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# New Twist on a Familiar Scenario

FEDERAL FISCAL YEAR (FY) 2012 began on October 1, 2011. (See page 13 for details about the FY 2012 Transportation-HUD and Agriculture spending bills.) Once again, the conventional wisdom in D.C. that the annual spending bills would not be signed into law by the October 1 deadline will likely hold. HUD and USDA will each operate under a stop-gap spending measure, also known as a continuing resolution (CR). These temporary spending bills have become so routine that observers no longer wonder whether Congress will pass a continuing resolution, but rather, how many will there be and how long will they run?

Even under circumstances which would seem most favorable to enacting the 12 annual appropriations bills by October 1, such as when the White House and Congress are controlled by the same political party, it is not easy to predict how long it will take to finalize the appropriations process. In the aftermath of this summer's bruising debt limit battle, it will take a concerted effort to move the spending bills forward this year.

One of the factors that brought the debt limit fiasco to closure could also play some role in the FY 2012 appropriations process. The Budget Control Act of 2011 created a new Joint Select Committee on Deficit Reduction which must "provide recommendations and legislative language that will significantly improve the short-term and long-term fiscal imbalance of the Federal Government." The act states, "The goal of the joint committee shall be to reduce the deficit by at least \$1.5 trillion over the

period of fiscal years 2012 to 2021." The statutory deadline for the Joint Committee to vote on its legislation is November 23, 2011. The House and Senate must each vote on passage of the joint committee bill no later than December 23, 2011.

Whether the timing of Congressional action on the deficit reduction recommendations affects completion of the FY 2012 appropriations process remains to be seen. However, NAHMA is encouraged that Sen. Patty Murray (D-WA) is a co-chair of the Joint Committee. She is a strong supporter of affordable housing programs and also chairs the Senate Transportation-HUD Appropriations Subcommittee.

## WHAT YOU CAN DO

To make sure affordable multifamily housing programs get the resources they deserve in 2012 and beyond:

■ **Let your members of Congress know that affordable housing programs are important to you.** Find out which U.S. Senators and Representatives represent the properties in your portfolio. Contact those offices and ask for the names of the housing policy staff. Share your concerns about affordable housing with them through e-mail and phone conversations. Always request a follow-up response explaining the Senator or Representative's position. NAHMA's grassroots advocacy webpage, [www.nahma.org/content/grassroots.html](http://www.nahma.org/content/grassroots.html), is your source for the latest talking points on key housing policy issues.

■ **Make an appointment to visit your elected officials to help them understand why quality rental housing**

**should also be important to them.**

When you talk with members of Congress and their staff, be sure to let them know that federally assisted affordable properties are home to low-income families in their districts. Direct them to the NAHMA Maps Affordable Housing Search Engine (see <http://nahma.apartmentsmart.com>). This resource provides visual and statistical information about the number of affordable properties in a congressional district, the programs which support the developments and other helpful information.

■ **Emphasize people over program costs. Your residents are the Congressperson's constituents!** Consider inviting your Senators and Representatives to meet the residents at your property. If you offer service-enriched housing, talk about how those services help the tenants. It is important to connect federal programs to the property and quality of life for their constituents. Don't be afraid to brag about the excellent housing you provide!

■ **Keep your explanations simple.** Be specific about what you are asking the member to do. Make your case in the most succinct and simple terms possible. Technical jargon will confuse the member and his or her staff rather than impress them.

As always, NAHMA staff is here to help. If you would like assistance setting up an appointment or preparing for your meetings with members of Congress, please contact Lauren. Eardensohn@nahma.org. **NN**

*Michelle Kitchen is Director, Government Affairs for NAHMA.*

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# HUD's Bed Bug Notice Puts Onus on Owners

**O**n August 16, 2011, HUD issued Notice H 2011-20, "Guidelines on Bed Bug Control and Prevention in HUD Insured and Assisted Multifamily Housing." The Notice provides information and references to best practices regarding the prevention and control of bed bug infestations. It also provides guidance on what HUD believes are the rights and responsibilities of HUD, owners and management agents (O/As) and tenants with regard to bed bug infestations.

## THE NOTICE'S STANCE

Because HUD received reports of bed bug infestations in multifamily properties, it issued this Notice, which is applicable to all multifamily properties with active HUD-insured, HUD-held or Direct Loans, Section 202 or 811 Capital Advances, Project-based Rental Assistance contracts and/or HUD Use Agreements.

HUD "strongly encourages" O/As to develop an Integrated Pest Management (IPM) plan for dealing with bed bug infestations. There is a guide for preparing an IPM at [www.stoppests.org](http://www.stoppests.org) (see sidebar).

The Notice states that an O/A "should respond with urgency to any tenant report of bed bugs." It lays out specific timeframes for the O/A to:

- Contact the tenant after the report of a possible infestation (within 24 hours);
- Arrange for inspection of the unit and its adjacent units by trained staff or a qualified third party (within three calendar days of the initial report);
- Schedule treatment of infested units (within five days of the inspection, but it may take longer depending on the form of treatment); and
- If a bed bug infestation is reported in the property's REAC physical inspection report, the owner would need to describe

what actions were taken or will be taken to eradicate the infestation (within five days of the date of the follow-up letter from the HUD field office); and

- Inform HUD when the problem has been completely eradicated.

Owners may not charge tenants to cover the cost of bed bug treatments. O/As may contact HUD to request financial resources for bed bug control, and the Hub/PC director may honor requests for releases from the Reserve for Replacement or Residual Receipts accounts to reimburse an owner for bed bug treatment. Owners are also

encouraged to make advances (loans without interest) when no reserves are available. HUD may also consider an increased pest control line item in the project's operating budget for properties that receive budget-based rents.

The guidance does make clear, however, that "the tenant will not be reimbursed the cost of any additional expense to the household, such as purchase of new furniture, clothing or cleaning services." Tenants may be reimbursed for the cost of protective bed covers at the owner's discretion.

*continued on page 10*

## Principles of an Integrated Pest Management Plan

**ACCORDING TO THE ENVIRONMENTAL PROTECTION AGENCY (EPA), principles of an IPM for bed bugs include:**

- Raising awareness through education on prevention of bed bugs;
- Inspecting infested areas, plus surrounding living spaces;
- Checking for bed bugs on luggage and clothes when returning home from a trip;
- Looking for bed bugs or signs of infestation on secondhand items before bringing the items home;
- Correctly identifying the pest;
- Keeping records—including dates when and locations where pests are found;
- Cleaning all items within a bed bug infested living area;
- Reducing clutter where bed bugs can hide;
- Eliminating bed bug habitats;
- Physically removing bed bugs through cleaning;
- Using pesticides carefully according to the label directions; and
- Following up on inspections and possible treatments.

**In addition to or as part of an IPM, HUD also "strongly encourages" multifamily O/As to take preventive steps, such as:**

- Providing training for staff to identify bed bugs and to perform ongoing prevention actions;
- Engaging residents in efforts to prevent bed bugs; and
- Providing orientation for new tenants and staff, and posting signs and handouts.

# 2011 Scholarship Recipients Are Academic High Flyers

**B**etween 2007 and 2011, the NAHMA Educational Foundation awarded 179 scholarships worth \$179,500, many to students who were already enrolled in a community college, a four-year college or a trade or technical school.

“Although the 2012 application will not be available until late December 2011 or early January 2012, with the application deadline not until mid-May 2012, it’s great for NAHMA-member property owners and management agents to remind their residents to get ready to apply,” said Foundation Chair Wayne Fox

## WHO ARE THE SUCCESSFUL SCHOLARSHIP APPLICANTS?

While each of the recipients meets the minimum grade criteria established by the Foundation, 27 of the 30 recipients for 2011 had grade point averages above a 3.0 and 13 had averages of 3.5 or higher. Fox said, “The entire applicant pool was very strong. Those grades, coupled with their extra-curricular activities and community service, make the NAHMA scholars a very impressive group.”

Among the fields of study of this year’s scholars are film, business administration, pharmacology, pre-medicine, biochemistry, culinary arts, athletic training and finance. The scholars represent a wide variety of ethnic backgrounds and cultures.

The following student profiles are representative of the compelling human interest stories the 2011 scholars present:

**A 49-year-old single mother returned to school at the age of 43 after a career in the U.S. Navy.** In 2009, she received her Associates degree from a community college, graduating with honors. She now has a 3.7 GPA at the University of Tennessee-Chattanooga, where she is majoring in education and religious studies.

**This young man immigrated to America at the age of seven from the Dominican Republic.** Although at first placed in special education classes because he spoke no English, by high school he was taking an extensive list of Advanced Placement (AP) and Honors classes. He graduated with a Bachelor’s degree from Rutgers University in 2009 with honors and four majors. In the fall of 2011, he entered his second and final year of graduate school, majoring in statistics.

**A 43-year-old mother of four is a nursing student at Walla Walla Community College with a 3.59 GPA.** Her references were from doctors at the hospital where she studies, who commented on her competence, professionalism and compassionate patient care. Her goal is to become a registered nurse.

**Moving from her native Iran to Germany and then to America helped this 26-year-old become fluent in three languages.** A resident of Escondido, Calif., she majors in biochemistry at California State University-San Marcos and has a 3.3 GPA entering her junior year. Her goal is to become a dentist.

**As treasurer of the student government at Auburn University, this young man is a repeat recipient of a NAHMA Educational Foundation scholarship.** He has a 3.32 GPA as an accounting major entering his junior year. He helped create the Auburn University Green Alliance which supports green initiatives at the university and in the surrounding community.

For more information about the NAHMA Educational Foundation’s scholarship program and for a complete list of the 2011 awardees, contact Dr. Bruce Johnson, administrator of the program, at [bjohnson@themichaelsorg.com](mailto:bjohnson@themichaelsorg.com). **NN**

## HUD’S BED BUG NOTICE,

*continued from page 9*

### PROBLEMATIC ASPECTS OF THE GUIDANCE

NAHMA agrees that HUD, owners, management agents and residents must work together to prevent and eradicate bed bug infestations. Nevertheless, NAHMA takes issue with aspects of the guidance which will impose substantial costs on the properties, limit options to prevent infestations and fail to provide property staff with sufficient leverage to ensure resident cooperation with

**NAHMA takes issue with aspects of the guidance which will impose substantial costs on the properties, limit options to prevent infestations and fail to provide property staff with sufficient leverage to ensure resident cooperation.**

inspection and treatment efforts.

NAHMA has expressed these concerns to HUD and, at press time, was seeking a meeting with HUD representatives to discuss these issues more extensively.

NAHMA understands that two of the driving factors behind this guidance were to clarify that bed bug treatment is an eligible project expense, and to make additional property funds available for eradication. However, NAHMA has heard serious concerns from O/As that despite good intentions, using reserves, residual receipts, etc. does not present a viable solution for properties either because funding in these accounts is insufficient to deal with this problem, or because the funds could not be easily replenished.

In its correspondence to date with HUD, NAHMA noted that “It is important to consider that reserves for properties restructured under Mark-

to-Market were not underwritten to account for the enormous increases in pest control expenses which result from bed bug infestations.”

For example, a leading academic expert in bed bug research found that pest management expenses on an infested property can exceed \$100,000 in a single year.

The Notice also eliminates reasonable options for the housing provider to protect the property from infestations caused by used furniture. NAHMA believes this prohibition undermines the goals of the guidance. Second-hand furniture—especially used mattresses and sofas—is one of the leading causes of bedbug infestation. While the guidance permits O/As to require non-chemical treatment of furniture at move-in (at no charge to the resident), it expressly states O/As “may offer, but may not require, non-chemical treatment or inspection of used furniture and/or non-chemical treatment of luggage before it is unpacked when a tenant returns from a trip. Tenants may voluntarily use such services.” Again, these services or products are to be offered at the owner’s expense.

With respect to tenant responsibilities, they are “strongly encouraged to immediately report the suspicion of possible bed bugs in a housing unit or other areas of the property.” The Guidance notes repeatedly that tenants are not expected to contribute to the cost of bed bug eradication. In addition, O/As must bear the costs of temporarily relocating tenants if necessary.

Most tenants do cooperate with bed bug inspection and treatment efforts. However, several O/As expressed concern to NAHMA that the guidance does not expressly permit sanctions against residents who refuse to cooperate with inspection and/or treatment of the units.

NAHMA will keep its members apprised of further developments with respect to this Notice. Updates will also be posted at [www.nahma.org](http://www.nahma.org). **NN**



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# House and Senate Consider FY 2012 Funding

**O**n Sept. 8, the House Appropriations Transportation-HUD (T-HUD) Subcommittee approved legislation to fund transportation and housing programs in FY 2012. While the Subcommittee provided full-funding for the Section 202 and 811 PRACs, Tenant-based Section 8, and Project-based Section 8 contracts, as well as increased funding for 202 and 811 capital advances and flat funding for CDBG, the HOME account received serious cuts.

The Senate Appropriations Committee T-HUD account received \$55.3 billion in budget authority for FY 2012, which is more than \$7 billion above the House FY 2012 budget authority and is \$110 million below the FY 2011 appropriations levels. The Committee approved its FY 2012 T-HUD bill (S1596) on September 21.

## THE HOUSE SUBCOMMITTEE'S BILL

A comparison of the T-HUD bills approved by the House Subcommittee and full Senate Appropriations bills follows.

**Tenant-based Section 8 Proposed by the Senate for FY 2012:** \$18.9 billion (total); \$17.1 billion (contract renewals), which includes an advanced appropriation of \$4 billion for FY 2013 and \$113 million for Section 811 vouchers.

■ Tenant-based Section 8 Proposed by the House for FY 2012: \$18.5 billion (total); \$17 billion (contract renewals), which includes an advanced appropriation of \$4 billion for FY 2013 and \$114 million for Section 811 vouchers.

■ FY 2012 Budget Request: \$19.2 billion (total); \$17.1 billion (contract renewals) which includes an advanced appropriation of \$4 billion for FY 2013; and \$114 million for Section 811 vouchers.

■ FY 2011 Appropriation: \$18.4 billion (total); \$16.7 billion (contract renewals), which includes an advanced appropriation of \$4 billion for FY 2012; and \$35 million for Section 811 vouchers.

**Project-based Section 8 Proposed by the Senate for FY 2012:** \$9.4 billion total; \$9.1 billion (contract renewals); \$289 million for contract administrators; \$400 million as an FY 2013 Advanced Appropriation included in the total funding levels.

Allows PBCAs to administer the following programs: Section 236(a) interest reduction; Rent Supp; Section 236(f); Section 202 and 811 PRACs; and Section 202 PRACs and loans.

■ Project-based Section 8 Proposed by the House for FY 2012: \$9.4 billion total; \$9.1 billion (contract renewals); \$289 million for contract administrators; \$400 million as an FY 2013 Advanced Appropriation included in the total funding levels.

Allows PBCAs to administer the following programs: Section 236(a) interest reduction; Rent Supp; Section 236(f); Section 202 and 811 PRACs; and Section 202 PRACs and loans.

■ FY 2012 Budget Request: \$9.4 billion total; \$9.1 billion for contract renewals and \$289 million for contract administrators; \$400 million as an FY 2013 Advanced Appropriation included in the total funding levels.

Requested the authority to allow PBCAs to administer the following programs: Section 236(a) interest reduction; Rent Supp; Section 236(f); Section 202 and 811 PRACs; and Section 202 PRACs and loans.

■ FY 2011 Appropriation: \$9.3 billion total; \$8.95 billion (contract renewals); \$400 million as an FY 2012 Advanced Appropriation included in

the total funding levels.

**Section 202 Proposed by the Senate for FY 2012:** \$370 million; \$269 million for PRACs and capital advances, \$91 million for Service Coordinators and \$20 million for assisted living and services enriched conversions

■ Section 202 Proposed by the House for FY 2012: \$600 million; \$395 million for PRACs and capital advances, \$80 million for Service Coordinators, and \$25 million for assisted living and services enriched conversions

■ FY 2012 Budget Request: \$757 million; \$259 million for PRACs, \$387 million for capital advances, \$91 million for Service Coordinators and \$20 million for assisted living and services enriched conversions

■ FY 2011 Appropriation: \$400 million; \$300 for PRAC renewals and Service Coordinators, \$100 million for capital advances

**Section 811 Proposed by the Senate for FY 2012:** \$150 million for PRACS and new construction

■ Section 811 Proposed by the House for FY 2012: \$196 million for PRACS and new construction

■ FY 2012 Budget Request: \$196 million; \$85 million to renew and amend operating subsidy contracts for existing Section 811 housing

■ FY 2011 Appropriation: \$150 million; \$68 million for PRAC renewals, \$50 million for capital advances and \$32 for renewal of tenant-based rental assistance contracts

**Transforming Rental Assistance (TRA) Proposed by the Senate for FY 2012:** \$0; although HUD received no appropriations for TRA, the Senate Committee did grant authority for the Department to conduct a Rental Assistance Demonstration (RAD) program, which would allow public housing

properties to convert to Project-based Section 8 contracts under the Multi-family Assisted Housing Reform and Affordability Act of 1997 (MAHRA).

■ Transforming Rental Assistance (TRA) Proposed by the House for FY 2012: \$0

■ FY 2012 Budget Request: \$200 million

■ FY 2011 Appropriation: \$0

**HOPE VI Proposed by the Senate for FY 2012: \$0**

■ HOPE VI Proposed by the House for FY 2012: \$0

■ FY 2012 Budget Request: \$0

■ FY 2011 Appropriation: \$100 million; up to \$65 million may be used for Choice Neighborhoods

**Choice Neighborhoods Proposed by the Senate for FY 2012: \$120 million**

■ Choice Neighborhoods Proposed by the House for FY 2012: \$0

■ FY 2012 Budget Request: \$250 million

■ FY 2011 Appropriation: up to \$65 million from the HOPE VI account

**HOME Proposed by the Senate for FY 2012: \$1 billion**

■ HOME Proposed by the House for FY 2012: \$1.2 billion

■ FY 2012 Budget Request: \$1.65 billion

■ FY 2011 Appropriation: \$1.61 billion

**CDBG Proposed by the Senate for FY 2012: \$2.85 billion for grants**

■ CDBG Proposed by the House for FY 2012: \$3.5 billion for grants

■ FY 2012 Budget Request: \$3.7 billion for grants

■ FY 2011 Appropriation: \$3.5 billion; \$3.34 billion for grants

**LEP Proposed by the Senate for FY 2012: \$300,000**

■ LEP Proposed by the House for FY 2012: \$0

■ FY 2012 Budget Request: \$0

■ FY 2011 Appropriation: \$500,000

**Affordable Housing Trust Fund Proposed by the Senate for FY 2012: \$0**

■ Affordable Housing Trust Fund Proposed by the House for FY 2012: \$0

■ FY 2012 Budget Request: \$1 billion

■ FY 2011 Appropriation: \$0

S 1596 did include an extension of the Mark-to-Market (M2M) program. NAHMA supports extending the M2M program through September 30, 2015. Unfortunately, the bill also included a provision that would eliminate the requirement for the publication of fair market rents (FMR) by October 1. NAHMA opposes removing a FMR publication date from the statute.

Both bills included provisions to improve oversight and reduce waste, fraud and abuse in block grant programs like CDBG and HOME.

The House bill will now go to the full Committee for mark-up. S 1596 must be approved by the full Senate. NAHMA will continue to work with the House and Senate to ensure multifamily housing programs receive adequate funding in FY 2012.

#### **SENATE ACTIONS MAY RESTORE RHS FUNDING**

NAHMA applauds the Senate Appropriation's Committee's efforts to restore funding to RHS's multifamily housing programs that the House has proposed cutting. As many NAHMA members know first-hand, the RHS portfolio is in desperate need of rehabilitation. The program is also experiencing vacancy problems brought on by the recession and a lack of rural rental assistance for those who need it. Cutting rural rental assistance and vouchers to RHS programs will reduce the number of low-income households who are able to reside in affordable rural properties.

In early September, the Senate Appropriations Committee approved its version of HR 2121, the FY 2012 Agricultural Appropriations Act. The Senate Appropriations Committee's version of HR 2112 restores \$2 billion in funding that was cut in the House version of the bill; however, the proposed FY 2012 appropriations are still \$130 million below the FY 2011 enacted appropriations levels. The FY 2012 Agricultural

Appropriations legislation cuts most rural housing programs slightly below FY 2011 levels; nevertheless, the Senate bill restores funding to the Section 538 program.

The Senate Appropriations Committee FY 2012 funding USDA-RHS multifamily programs at the following levels: **Rural Rental Assistance Proposed by the Senate for FY 2012: \$905 million**

■ Rural Rental Assistance Proposed by the House for FY 2012: \$883 million

■ FY 2012 Budget Request: \$907 million

■ FY 2011 Appropriation: \$956 million

**Section 515 Housing Direct Loans Proposed by the Senate for FY 2012: \$64.5 million**

■ Section 515 Housing Direct Loans Proposed by the House for FY 2012: \$58.1 million

■ FY 2012 Budget Request: \$95 million

■ FY 2011 Appropriation: \$69.5 million

**Section 538 Housing Loan Guarantees Proposed by the Senate for FY 2012: \$130 million**

■ Section 538 Housing Loan Guarantees Proposed by the House for FY 2012: \$0

■ FY 2012 Budget Request: \$0

■ FY 2011 Appropriation: \$30.9 million; \$3 million of this is set aside for multi-family housing guaranteed loans

#### **CONTINUING RESOLUTION LIKELY**

Because the appropriations process started so late in both the House and the Senate, it is highly unlikely that any of the 12 appropriations bills will be passed by the September 30th deadline. Majority Leader Eric Cantor (R-VA) confirmed that the House GOP will pursue at least a one month continuing resolution (CR), possibly longer, for the beginning of FY 2012. At press time, the House passed a CR on September 23 to fund the government through November 18. The Senate must now approve the bill before the September 30 deadline. **NN**



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DO  
you  
Believe  
in  
**Magic?**  
Calendar Contest  
Winners DO!

**H**ow magical is it that the NAHMA Drug-Free Kid poster/calendar contest is now a quarter of a century old? Magical enough for this year's winners, whose artwork reflected the theme of "Open Doors with Your Imagination," and the sub-theme of "Explore the Magical World of Books and Reading." The winning artwork will be featured in the 2012 calendar.



# DO you Believe in Magic

THE CONTEST IS OPEN TO children and elderly or special needs residents nationwide who live in a community of a NAHMA and/or a local AHMA member company. Typically, nearly 5,000 individuals participate in the contest.

Entrants first are judged at the AHMA level, with the winning artwork forwarded on to NAHMA for judging. A distinguished panel of impartial judges selected the winning entries that will appear inside the pages of the 2012 calendar. One special entry is selected as the grand-prize winner, and that artwork will appear on the cover.

Artwork that earns an Honorable Mention is featured in a special section of the calendar.

The winners of each local AHMA contest received various prizes from the AHMA. This year's grand-prize winner is Jordan Butler, a sixth grader from Warner Robins, Ga. His artwork was submitted by SAHMA. He will receive a scholarship of \$2,500 from the NAHMA Educational Foundation, as well as a trip to Washington, DC, where he will be honored at NAHMA's Fall Meeting in October 2011.

In addition to Jordan's cover art, 13 additional winners will have their work displayed on the inside pages of the calendar. Each of these winners will receive a \$1,000 check for educational expenses from the NAHMA Foundation. Seniors who win will receive cash awards made in the name of their community for use in purchasing a gift that will benefit all of the community's residents (e.g., books for the library, appliances for a community room, etc.). These winners will also appear in the 2012 calendar.

Calendars may be ordered beginning in September 2011 by calling (703) 683-8630, ext. 15 or ordering from NAHMA's website at [www.nahma.org](http://www.nahma.org). Calendars cost \$5.50.

## NATIONAL WINNERS

**NAME:** Adaw Bagat

**AGE:** 15

**PROPERTY:** Paradise Valley

**CITY/STATE:** Phoenix, AZ

**MGMT. CO.:** Biltmore Properties

**AHMA:** AHMA Pacific Southwest

Adaw's hobbies are drawing, painting, reading, meeting new people, exploring different cultures and dancing.

**NAME:** Abimbola (Bim) Bolarinwa

**AGE:** 8

**PROPERTY:** Oak Court Apts.

**CITY/STATE:** Palo Alto, CA

**MGMT. CO.:** Palo Alto Housing Corp.

**AHMA:** AHMA NCNH

Bim's artwork reflects her love of reading, which "makes me feel happy." She likes to write, draw and play tennis. She would like to be a writer when she grows up.

grand  
prize  
winner

**NAME:** Jordan Butler

**AGE:** 11

**PROPERTY:** Randall Heights Apts.

**CITY/STATE:** Warner Robins, GA

**MGMT. CO.:** Hallmark Mgmt.

**AHMA:** SAHMA

Jordan loves to draw, play sports, watch movies and read. He hopes to become a Marine, an EMT or a doctor.





Adaw Bagat

**NAME:** Marian Daniels

**AGE:** Senior

**PROPERTY:** Labelle Towers

**CITY/STATE:** Highland Park, MI

**MGMT. CO.:** CSI Support & Development Services

**AHMA:** MAHMA

Marian's artwork focuses on "our youth and how reading relates to thoughts of far-away adventures ..." Her hobbies are solving crossword puzzles and painting in oils and acrylics.

**NAME:** Zudarius Glass

**AGE:** 8

**PROPERTY:** North Hills Manor

**CITY/STATE:** Meridian, MS

**MGMT. CO.:** Interstate Realty Mgmt.

**AHMA:** SAHMA

Zudarius was inspired by Social Services Coordinator Sarah Simmons, who "is a great big motivation to me," he said. He likes to play and read, and would one day like to be a doctor.

**NAME:** Makayla Mason

**AGE:** 10

**PROPERTY:** Stratton Hill Park Apts.

**CITY/STATE:** Worcester, MA

**MGMT. CO.:** Corcoran Mgmt.

**AHMA:** NEAHMA

Makayla loves to read because "it takes me to different places." She likes to paint, draw, cook, read, ride her bike, play with friends and be creative.

Carol Matthews



Marian Daniels

**NAME:** Carol Matthews

**AGE:** Senior

**PROPERTY:** St. Francis Manor

**CITY/STATE:** Sacramento, CA

**MGMT. CO.:** Eugene Berger Management Company

**AHMA:** AHMA NCNH

The idea for Carol's artwork "just came to me," she said. She enjoys all kinds of artwork in all mediums and aspires to be a professional artist.

**NAME:** Emari Moody

**AGE:** 7

**PROPERTY:** North Hills Manor

**CITY/STATE:** Meridian, MS

**MGMT. CO.:** Interstate Realty Mgmt.

**AHMA:** SAHMA

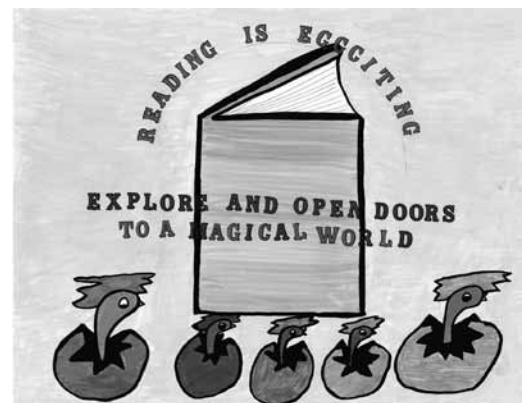
Emari wanted to draw a picture of herself. She loves to swim, play sports



Abimbola (Bim) Bolarinwa



Zudarius Glass



Makayla Mason



Emari Moody



# DO you Believe in Magic

and paint. She wants to grow up to be a cheerleader.

**NAME:** Greg Moore  
**AGE:** 19  
**PROPERTY:** The Fairways  
**CITY/STATE:** Worcester, MA  
**MGMT. CO.:** First Realty Mgmt.  
**AHMA:** NEAHMA

Greg often wonders what the world looks like from the perspective of small children, and in his artwork he brought their world to life. He enjoys drawing, dancing and basketball.

**NAME:** Miranda Morgan  
**AGE:** 14  
**PROPERTY:** Bay Village Apts.  
**CITY/STATE:** Fall River, MA  
**MGMT. CO.:** First Realty Mgmt.  
**AHMA:** NEAHMA

Miranda's artwork reflects her love of reading. She enjoys hanging out with friends, drawing and playing sports. She would like to become a crime-scene investigator.

**NAME:** Sethbonyem Quire  
**AGE:** 14  
**PROPERTY:** Oxford Gardens  
**CITY/STATE:** Providence, RI  
**MGMT. CO.:** First Realty Mgmt.  
**AHMA:** NEAHMA

Sethbonyem "thought of how opportunities lead to greater success and opens doors for you," when doing this artwork. Sethbonyem likes dancing, singing, all sports and hanging out with friends and would like to become a pediatrician.

**NAME:** Bette Shapiro  
**AGE:** Senior  
**PROPERTY:** Ocean Park Villas  
**CITY/STATE:** Santa Monica, CA  
**MGMT. CO.:** G & K Mgmt.  
**AHMA:** AHMA Pacific Southwest

Betty is both a parent "to a fabulous son" as well as a foster parent to more than 20 babies over 20 years. She likes to read mystery novels, learn new things (like Photoshop) and take walks. She is working on a children's picture book.



Sethbonyem Quire



Bette Shapiro



Greg Moore



Miranda Morgan





**NAME:** Jonathan Tucker  
**AGE:** 17  
**PROPERTY:** Council Groves Apts.  
**CITY/STATE:** Missoula, MT  
**MGMT. CO.:** Tamarack Property Mgmt.  
**AHMA:** Rocky AHMA

Jonathan's artwork illustrates that "Our dreams can change our lives." His hobbies are photography, botany, reading and science. He plans to double major in college in anthropology and rain forest biology.

**NAME:** Eugene "Matthew" Weasel, Jr.  
**AGE:** 15  
**PROPERTY:** Council Groves Apts.  
**CITY/STATE:** Missoula, MT  
**MGMT. CO.:** Tamarack Property Mgmt.  
**AHMA:** Rocky AHMA

Thinking about the importance of school led to Matthew's drawing of this poster. In his free time he likes to play baseball, football, track and field, and dancing pow-wow. He intends to graduate from high school, go to college and then get a job in construction.



**Passone Nettles**



**Jazmin Moreno**



**Robbie George**



**Lexani Carrillo**

**HONORABLE MENTIONS**

**NAME:** Passone Nettles  
**AGE:** 17  
**PROPERTY:** Rolling Hills  
**CITY/STATE:** Pottstown, PA  
**MGMT. CO.:** Interstate Realty Mgmt.  
**AHMA:** PennDel AHMA

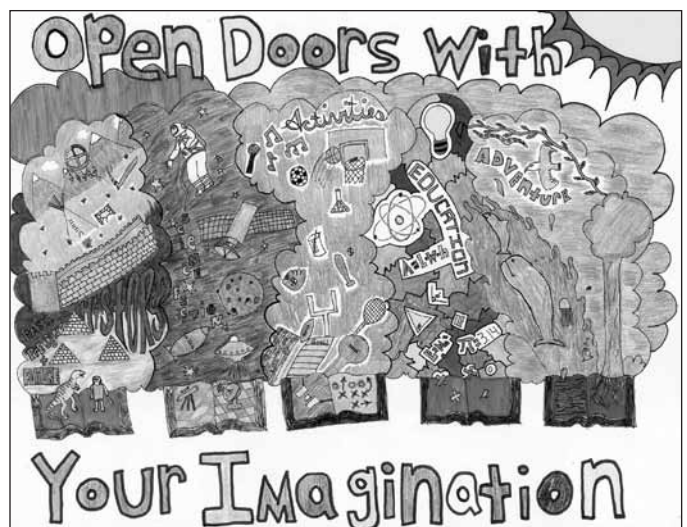
**NAME:** Jazmin Moreno  
**AGE:** 14  
**PROPERTY:** Fawn Ridge Apts.  
**CITY/STATE:** The Woodlands, TX  
**MGMT. CO.:** Summit Housing Partners  
**AHMA:** AHMA East Texas

**NAME:** Robbie George  
**AGE:** 13  
**PROPERTY:** Winteringham Village  
**CITY/STATE:** Toms River, NJ  
**MGMT. CO.:** Interstate Realty Mgmt.  
**AHMA:** JAHMA

**NAME:** Lexani Carrillo  
**AGE:** 7  
**PROPERTY:** Casa de Manana  
**CITY/STATE:** Corpus Christi, TX  
**MGMT. CO.:** Wedge Mgmt.  
**AHMA:** Southwest AHMA



**Jonathan Tucker**



**Eugene "Matthew" Weasel, Jr.**

# Refining Rental Assistance Through Demonstration

BY PATRICK COSTIGAN

Over the past two years, HUD and members of Congress have worked with a range of interested stakeholders to develop new tools to help preserve public and assisted rental housing. Known generally as the Transforming Rental Assistance (TRA) initiative, it's fair to say that in attempting to advance TRA in comprehensive—and fairly complex—proposals, HUD received much constructive feedback.

In the past six months, we've gone back to the drawing board with these stakeholders—including public housing authorities, multifamily housing owners, managers, lenders, investors, residents and advocates—to reframe some of the basic TRA concepts in a less ambitious but hopefully more workable “rental assistance demonstration,” or RAD. Here's what RAD entails so far.

**Scope.** Outlined in HUD's FY 2012 budget as a \$200 million request, RAD seeks to give public housing authorities (PHAs) and owners of assisted properties without viable renewal options the ability to convert their current form of assistance to long-term, Section 8 Project-based rental assistance. As the multifamily housing industry has ably demonstrated, Section 8 assistance is a proven platform for leveraging public and private loans, grants and equity to continuously modernize and rehabilitate affordable housing. If funded at \$200 million, RAD is projected to support up to 215,000 public and assisted housing units and leverage between \$6-7 billion in private debt and equity capital for

participating properties.

**Eligible properties.** Public housing and a limited set of the so-called multifamily “orphans”—rent supplement (Rent Supp), rental assistance payment and moderate rehabilitation (Mod Rehab) developments will be eligible for RAD. Participation will be *completely voluntary* and based on application. If a property is selected for inclusion in the demonstration, there will be no current or future impact on any other public or assisted asset in an owner's portfolio.

**Two rental assistance tracks.** Owners of public housing and Mod Rehab properties will have the

and Affordability Act (MAHRAA).

**Housing choice.** HUD and a range of stakeholders believe in offering residents a housing choice option under the conversion process. Accordingly, at least 90 percent of the public housing and Mod Rehab units converted under RAD must provide residents with a locally-designed option to move with voucher assistance after a reasonable tenure. Rent Supp and RAP properties will be exempted from this provision.

**Long-term affordability.** All converted properties will be subject to long-term rental assistance

**RAD also is likely to provide NAHMA members with new opportunities to partner with PHAs in preserving and renewing public housing and Mod Rehab developments.**

option of converting their assistance to either a project-based voucher (PBV) or housing assistance payment (HAP) contract. Rent Supp and RAP property owners will have authority to convert to a HAP contract, or to “project-based” tenant protection vouchers otherwise issued at contract termination.

■ **PBV contracts** will continue to be administered locally by PHAs. Under current authority, HUD will offer administrative flexibility and will seek additional authority to waive current rules to simplify PBV contract implementation.

■ **HAP contracts** will be administered by HUD's office of housing. The HAP contract will offer a standard 20-year term and be renewable under the Multifamily Assisted Housing Reform

contracts and use restrictions, which will survive any property disposition including foreclosure or bankruptcy actions. Public housing and Mod Rehab contracts and use restrictions will be continuously renewed.

**Ownership & disposition options.** Rent Supp, RAP and Mod Rehab conversions may be undertaken by the current owner or a purchaser who will agree to maintain the property as affordable housing subject to the new contract requirements and use agreement. Public housing conversions must remain under the ownership or control of a capable public or nonprofit housing development entity.

**One-for-one continuation of assistance.** All conversions will be expected to support the same number

of assisted hard units. Limited flexibility for substituting tenant-based rental assistance in lieu of property-based assistance will be allowed in markets demonstrating such need.

**Resident rights & procedures.** Mod Rehab and public housing conversions will be subject to resident review and comment and rights and procedures comparable to those offered under public housing. Rent Supp and Rap properties will be subject to standard Section 8 HAP contract protocols and resident rights and procedures.

**Evaluation.** The RAD budget includes funding for an evaluation to assess the effects of conversion on the access to private capital, physical condition of converted properties and extent to which residents exercised a housing choice option.

HUD hopes that NAHMA members will be encouraged by RAD's focus on preserving Rent Supp, RAP and Mod Rehab properties along with public housing, and use of established Section 8 contracts to leverage needed capital. RAD also is likely to provide NAHMA members with new opportunities to partner with PHAs in preserving and renewing public housing and Mod Rehab developments.

HUD looks forward to continuing its dialogue with NAHMA and other vested stakeholders in finalizing RAD. Together we can make it an important tool in preserving affordable housing that is so very much needed by residents that we all seek to serve. **NN**

*Patrick Costigan serves as a Senior Advisor in the Office of the Secretary at the U.S. Department of Housing and Urban Development. He can be reached at [patrick.m.costigan@hud.gov](mailto:patrick.m.costigan@hud.gov).*

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# NAHMA Comments, Seeks More Input, on Form 9834

**O**n August 9, NAHMA submitted comments on the revised draft of HUD's Form 9834—the Management Review form for Multifamily Housing Projects.

While NAHMA agrees with HUD that Form 9834 needs to be updated to reflect the changes made to Chapter 6 of HUD's 4350.1 handbook, updated EIV system requirements and new TRACS security requirements, it advised HUD to collaborate with stakeholders to help narrow the information collection in both the Form 9834 and the Management and Occupancy Reviews (MORs) to what is necessary under current HUD handbook policy, regulations and statute, as well as improve the consistency and accuracy of the data collected.

Members of NAHMA are particularly interested in the changes made to this form because contract administrators (CA) use it to conduct multifamily MORs. MORs can affect a management agents' ability to take on more HUD-related business. In addition, property owners use them as a factor to evaluate the quality of the manager and/or management company.

HUD requested feedback on four specific areas:

- (1) Evaluating whether the proposed collection is necessary for the proper performance of the functions of the agency;
- (2) Evaluating the accuracy of the agency's estimate of the burden of the proposed collection of information (estimated annual total burden hours: 194,928; annual burden hours per respondent: 8 hours);
- (3) Helping enhance the quality, utility and clarity of the information to be collected; and
- (4) Helping minimize the burden of the collection of information on those who are to respond, including the use of information technology, e.g., permitting electronic submission of responses.

## **TRAINING BEFORE IMPLEMENTATION**

Meanwhile, HUD is planning a major transition from one group of performance-based contract administrators (PBCAs) and set of performance standards to a new group of PBCAs and a new set of performance standards (see article on page 1). NAHMA urged HUD to stabilize the PBCA transition before implementing the revised Form 9834.

HUD also should provide sufficient time between the release of the final form and its implementation to ensure that PBCAs and O/As can revise their policies, procedures and trainings to ensure proper compliance with the information collection.

## **PRACTICAL UTILITY QUESTIONED**

Form 9834 establishes a clear format for reporting on expected corrective actions when an O/A is not complying with HUD rules and regulations. NAHMA noted that while the majority of the document's questions tie directly back to handbook policies, regulations and statutory requirements, the legal citations are not necessarily provided. On the other hand, some questions in Form 9834 do not appear to be related to existing regulatory, statutory or handbook guidelines. O/As should not be burdened with information collections that serve no clear purpose in evaluating regulatory compliance.

NAHMA recommended that each section of Form 9834 have proper regulatory, statutory or handbook citations that govern the questions of the document as appropriate, and questions that do not have such a reference should not be on the form.

The revised form also contains subjective questions that are inconsistent with HUD's recent efforts to improve the objectivity of the MOR. Where the form calls for subjective opinions, NAHMA urged HUD to either add criteria to help frame

uniform, objective answers for the form's more ambiguous questions or remove those questions entirely.

## **COLLECTION BURDEN FOR RESPONDENTS**

NAHMA members believe the time and paperwork burden placed on O/As, CAs and HUD officials will increase due to the changes made to the form. The form is longer, increases the information required to complete the desk and on-site reviews and expands the number of questions related to property financials, management certifications, tenant income certifications, tenant file deficiencies and tenant repayment plans.

NAHMA believes that the agency's estimate of eight burden hours needed to prepare the information collection for the HUD Form 9834 is low. NAHMA members report that it takes an average 16-24 hours to compile the information required and for the contract administrator to complete the current Form 9834, depending on the size of the property and the management company.

The additional paperwork and review the revised Form 9834 will generate seems contrary to the goals of the Paperwork Reduction Act of 1995. NAHMA noted that there are better ways to reduce and streamline the information collected in order to evaluate the quality of a project's management.

Therefore, NAHMA suggested convening a taskforce of stakeholders—HUD officials, trade associations, PBCAs, multifamily O/As, etc.—to evaluate Form 9834 for the sole purpose of reducing the collection of unnecessary information and improving the quality, accuracy and consistency of information generated by the collection.

NAHMA will keep its members apprised of HUD's response to comments made regarding the revised Form 9834. **NN**

# REGULATORY WRAP-UP

ON AUGUST 23, THE OBAMA ADMINISTRATION RELEASED its final “Plan for Retrospective Review of Regulatory Actions under E.O. 13563” for all Executive Agencies, including USDA, HUD, and Treasury. The Administration believes that the monetized savings from the reforms proposed in the plan could exceed \$10 billion over the next five years. Although the USDA and Treasury plans do not discuss any proposed regulatory changes for rural and tax credit housing programs, the HUD plan does discuss proposed reviews and changes to the project-based Section 8, Section 202, and Section 811 multifamily rental programs. Copies of the final and draft copies of each agency’s plan may be found at [www.whitehouse.gov/21stcenturygov/actions/21st-century-regulatory-system](http://www.whitehouse.gov/21stcenturygov/actions/21st-century-regulatory-system). Copies of NAHMA’s comments on these review efforts can be found on NAHMA’s website ([www.nahma.org](http://www.nahma.org)).

## HUD POSTS TWO HOUSING NOTICES

ON AUGUST 17, HUD PUBLISHED two Housing Notices that are of interest to multifamily owners and management agents (O/As). The first is HUD Notice H 2011-17, “HUD Amendment to the American Institute of Architects (AIA) Document B108 (formerly B181-1994), Standard Form Agreement Between Owner and Architect for a Federally Funded or Federally Insured Project (Amendment).”

The Amendment replaces the version found in the Multifamily Accelerated Processing (MAP) Guide, Appendix 12B.2, Handbook 4460.1 REV-2, Appendix 2 and other handbook citations. The new Amendment (Form HUD-92408-M) is a required submission document as part of the multifamily closing in connection with Firm Commitments issued or reissued. This Amendment is required for Firm Commitment applications submitted for FHA’s multifamily housing insurance that require licensed professional services. This Notice is not applicable to health care programs administered by the Office of Healthcare Programs. A copy of the Notice may be accessed at <http://portal.hud.gov/hudportal/documents/huddoc?id=11-17hsgn.pdf>.

The second Notice is HUD Notice H 2011-18, “Updated Processing Guidance for the Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities Programs.” These are some revised procedures pertaining to processing activities after selection of Section 202 and Section 811 applications for fund reservations including mixed-finance transactions. The Notice is divided into three parts. The first part addresses general issues that concern all Section 202 and Section 811 proposals in which the Owner has not submitted a firm commitment application. The second and third parts of this Notice specifically address mixed-finance transactions. Section 202 and Section 811 applications that have started firm commitment processing shall proceed to initial closing and start of construction based on administrative instructions in place before the issuance of this Notice.

A copy of the Notice may be accessed at <http://portal.hud.gov/hudportal/documents/huddoc?id=11-18hsgn.pdf>. The Notices have also been posted to the NAHMA HUD website.

## HUD NEWS

IN EARLY SEPTEMBER, HUD POSTED NOTICE H 2011-23, “UNDERWRITING POLICIES AND PROCEDURES FOR COMMERCIAL SPACE AND INCOME IN HUD-INSURED MULTIFAMILY PROJECTS.” The Notice provides instructions and guidance pertaining to the recognition of commercial income in calculating the maximum insurable mortgage. The Notice is not applicable to the healthcare programs administered by the Office of Insured Healthcare Programs. The policies established by the notice will be implemented immediately for all new or pending applications where an Invitation Letter or Firm Commitment has not been issued. A copy of the Notice may be found at <http://portal.hud.gov/hudportal/documents/huddoc?id=11-23hsgn.pdf>.

IN THE SEPTEMBER 6 FEDERAL REGISTER, HUD ANNOUNCED THE AWARD RECIPIENTS of the Section 202 FY 2009 SuperNOFA grants. A copy of the Notice is available at [www.gpo.gov/fdsys/pkg/FR-2011-09-06/pdf/2011-22727.pdf](http://www.gpo.gov/fdsys/pkg/FR-2011-09-06/pdf/2011-22727.pdf).

ON AUGUST 23, HUD’S OFFICE OF AFFORDABLE HOUSING PRESERVATION (OAHP) issued the FY 2010 NOFA for the Multifamily Energy Innovation Fund. This fund provides a total of \$25 million in grants to be used for the purpose of energy efficiency upgrades at multifamily properties. The Energy Innovation NOFA can be found at [www.hud.gov/offices/adm/grants/nofa10/grpeif.cfm](http://www.hud.gov/offices/adm/grants/nofa10/grpeif.cfm).

ON AUGUST 22, USDA-RHS PUBLISHED “NOTICE OF FUNDING AVAILABILITY: Section 515 Multi-Family Housing Preservation Revolving Loan Fund (PRLF) Demonstration Program

**HUD NEWS**

for Fiscal Year 2011” in the Federal Register. RHS previously announced the availability of funds and the time-frame to submit applications for loans to private non-profit organizations, and state and local housing finance agencies, to carry out a demonstration program to provide revolving loans for the preservation and revitalization of low-income Multi Family Housing (MFH) in a Notice published November 9, 2010 (75 FR 68748). However, RD did not receive sufficient applications to use all available funds. As a result, RD is soliciting additional applications under this Notice. Housing that is assisted by this demonstration program must be financed by RD through its MFH loan program under Sections 515, 514 and 516 of the Housing Act of 1949. A copy of the notice may be found at [www.gpo.gov/fdsys/pkg/FR-2011-08-22/pdf/2011-21318.pdf](http://www.gpo.gov/fdsys/pkg/FR-2011-08-22/pdf/2011-21318.pdf).

**ON AUGUST 19, HUD PUBLISHED SEVERAL ANNOUNCEMENTS OF FY 2009 FUNDING AWARDS FOR MULTIFAMILY HOUSING PROGRAMS.** They include: Announcement of Funding Awards for the Service Coordinators in Multifamily Housing Fiscal Year 2009 ([www.gpo.gov/fdsys/pkg/FR-2011-08-19/pdf/2011-21271.pdf](http://www.gpo.gov/fdsys/pkg/FR-2011-08-19/pdf/2011-21271.pdf)); Announcement of Funding Awards for the Section 811 Supportive Housing for Persons With Disabilities Program Fiscal Year 2009 ([www.gpo.gov/fdsys/pkg/FR-2011-08-19/pdf/2011-21266.pdf](http://www.gpo.gov/fdsys/pkg/FR-2011-08-19/pdf/2011-21266.pdf)); and Announcement of Funding Awards for the Assisted Living Conversion Program; Fiscal Year 2009 ([www.gpo.gov/fdsys/pkg/FR-2011-08-19/pdf/2011-21269.pdf](http://www.gpo.gov/fdsys/pkg/FR-2011-08-19/pdf/2011-21269.pdf)).

**ON AUGUST 17, HUD PIH PUBLISHED TWO NOTICES OF INTEREST TO MULTIFAMILY HOUSING PROVIDERS AND SERVICES.** They are HUD Notice PIH

2011-47, “Transactions between Public Housing Agencies and their Related Affiliates and Instrumentalities,” which provides guidance to public housing agencies (PHAs) regarding the creation and use of affiliates and instrumentalities in Public and Indian Housing programs under the U.S. Housing Act of 1937. A copy of the notice may be found at <http://portal.hud.gov/hudportal/documents/huddoc?id=11-47pihn.doc>. The second Notice is HUD Notice PIH 2011-46, “PHA Determinations of Rent Reasonableness in the Housing Choice Voucher (HCV) Program—Replacement of PIH Notices 2009-51 and 2010-18.” The notice combines current relevant policy concerning rent reasonableness requirements and removes obsolete provisions relative to the definition of assisted and unassisted housing. A copy of the Notice may be found here: <http://portal.hud.gov/hudportal/documents/huddoc?id=11-46pihn.doc>.

**ON AUGUST 2, HUD POSTED NOTICE PIH 2011-44 (HA) “GUIDANCE ON EPA’S LEAD-BASED PAINT RENOVATION, REPAIR AND PAINTING (RRP) RULE, HUD’S LEAD SAFE HOUSING RULE, AND THE EPA-HUD LEAD DISCLOSURE RULE.”** The Notice summarizes regulations pertaining to lead-based paint under the EPA’s Renovation, Repair and Painting Rule and HUD’s Lead Safe Housing Rule and the Lead Disclosure Rule. It also includes a description of EPA enforcement and fines, and provides examples of possible compliance issues that PHAs and owners should work to avoid. A copy of the Notice is available at <http://portal.hud.gov/hudportal/documents/huddoc?id=11-44pihn11-01ohhlhc.doc>.

**ON JULY 29, USDA-RD SENT OUT PROCEDURAL NOTICE 450 THAT**

**DETAILS CHANGES TO THE MULTIFAMILY PROJECT SERVICING HANDBOOK** and the replacement of some multifamily forms. The revised handbook updates Chapter 9 to reflect Letters 304 and 305 and Form RD 3560 for unauthorized assistance recapture; clarifies the Notification to Recipient process; clarifies Borrower Error; and establishes a dollar amount to pursue unauthorized assistance. Forms replaced include Tenant Certification (see [www.rurdev.usda.gov/regs/](http://www.rurdev.usda.gov/regs/)) and Multifamily Unauthorized Assistance Notification/Repayment Agreement (see [www.rurdev.usda.gov/regs/](http://www.rurdev.usda.gov/regs/)). A copy of Procedure Notice 450 may be found at [www.rurdev.usda.gov/regs/pn/pn450.html](http://www.rurdev.usda.gov/regs/pn/pn450.html).

**HUD NOTICE H 2011-13, “ANNUAL BASE CITY HIGH COST PERCENTAGE AND HIGH COST AREA REVISIONS FOR 2011,”** was released on July 22. More information can be found at <http://portal.hud.gov/hudportal/documents/huddoc?id=11-13hsgn.pdf>.

**ON JULY 21, HUD LAUNCHED A NEW PAGE ON ITS WEBSITE** dedicated to preserving affordable multifamily housing. It may be accessed at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/presrv/presmfh](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/presrv/presmfh).

**ON JULY 18, HUD PUBLISHED NOTICE H 2011-12, WHICH EXTENDS HUD NOTICE H 2010-11 “HUD MULTIFAMILY RISK MITIGATION” THROUGH JULY 31, 2012.** Notice H 2010-11 revised underwriting standards, policies and procedures for mortgage insurance under the Federal Housing Administration’s (FHA’s) Multifamily Housing programs. A copy of the Notice can be located at <http://portal.hud.gov/hudportal/documents/huddoc?id=11-12hsgn.pdf>.



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TBD*



*"I really liked the class and found the material very helpful. I have not worked with BBRI too much in the past but after taking this class I feel more confident."*

*Valli Sears-Jones,  
Director of Asset Management, HUD*

**Mark your Calendars!**

It is all too frequent that property management companies and owners "leave money on the table" when renewing their Housing Assistance Payment (HAP) contracts. Learn which Renewal Options will maximize your property's rents. This training is for property supervisors, PBCA staff, accountants, owners, management agency staff and on-site resident managers. As a professional in our industry, you don't want to find out after the renewal, that you were not as fully versed in HUD regulations and procedures as you should have been. Attendees of this session will learn the advantages and disadvantages of the various Renewal Options—including how draft revisions to the Section 8 Renewal Policy Guide may impact those options.

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## Finding a Home in Property Management

MICHAEL SIMMONS ENTERED the property management business “by no grand design,” he said. He moved north from Alabama to Atlantic City, N.J., where he served a brief stint as an instructor at Atlantic County Vocation School, then on to a local small business. Subsequently, he landed a job with U.S. Home Management. This was a subsidiary of U.S. Home Communities Management Company in Pleasantville, N.J., which was a developer of multifamily homes in N.J. and other parts of the northeast.

Simmons began supervising onsite personnel and “was lucky enough to

position until January 1, 2003, when he became president and CEO.

By then the company was managing about 7,800 units in New Jersey, Pennsylvania, Maryland, Virginia and the U.S. Virgin Islands.” He credits much of the company’s success to the good relationship and reputation they have with all the HUD offices and state agencies in those localities. “My predecessor laid the groundwork for following the rules, and being responsive to both regulatory authorities and our clients,” Simmons said. “I’ve just tried to maintain that and build on that.”

Jersey AHMA (JAHMA).

He’s been involved with NAHMA “almost simultaneously” to being involved in the AHMAs, he said. “A friendly competitor, who is a past president of NAHMA, said ‘hey, Mike, it would really be beneficial to you to get involved in NAHMA.’ So I started to attend the NAHMA meetings and have been a speaker on a couple of occasions.

“What got me really excited was what NAHMA was trying to do, represent the best professional management practitioners of affordable housing. NAHMA is made up of people who want to have a voice with our regulatory partners and represent the interests of our clients—which is to deliver decent, safe and sanitary housing.”

Simmons is now chairman of NAHMA’s rural housing committee, which has most recently focused on harmonization, “an attempt to mesh RD and HUD in some fashion, both of which perform many of the same functions and have a common mission,” Simmons said. “We’d also like to see RD have access to the EIV system, which is quite helpful.”

Simmons thrives on developing new business and also enjoys the relationships he’s built as a result of organizations like NAHMA that he is involved in. His one small regret is that he doesn’t have as much contact with the properties as he used to.

“For a long time I could name every manager, every maintenance supervisor and each staff member, but now I just don’t get out as much as I would like into the field.” **NN**

### “Our hope and intent is to still grow into new business development while maintaining our current good client relations.”

align myself with a tremendous mentor and role model who encouraged me and allowed me to expand in every professional endeavor in which I expressed an interest,” Simmons said.

When U.S. Homes’ parent corporation closed down, the owners of the properties decided to start their own management company. In 1974, Community Realty Management was created, and Simmons was named director of operations.

#### A FORCE BEHIND COMPANY GROWTH

At the time he managed “about 17 properties, with maybe 2,800 units,” he said. As the company grew, Simmons’s responsibilities also grew. After six years he was made an officer of the firm, he was vice president of operations until 1988, and then he became executive vice president and chief operating officer, supervising all the property operations. He stayed in that

Community Realty’s portfolio now numbers about 9,300 units, and includes subsidized properties, single-family homes, condos and homeowners’ associations, as well as one medical office building.

“Our hope and intent is to still grow into new business development while maintaining our current good client relations,” he said.

#### VALUE ADDED THROUGH AHMAS AND NAHMA

Simmons got involved with the PennDel AHMA and has served on its board of directors for the past four years. “We were among the initial and founding members,” he said, “and we encourage others to be involved. Our vice president for occupancy and compliance is currently president of PennDel AHMA.” He and the company are also active in the New



# EDUCATION CALENDAR

For information on specific classes being offered, please 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 [www.nahma.org/content/mem\\_calendar.html](http://www.nahma.org/content/mem_calendar.html).

## OCTOBER

**10-12**

**CPO**

Louisville, KY  
Betsy Smith  
(800) 745-4088

**13**

**FHC**

Louisville, KY  
Betsy Smith  
(800) 745-4088

**19**

**Manager's Roundtable**

San Diego, CA  
Debbie Hawkins  
(805) 557-1088

**23-25**

**NAHMA Fall Meeting**

Washington, DC  
Elizabeth Tucker  
(703) 683-8630, ext. 12

**24**

**504 Coordinator Class**

Memphis, TN  
Betsy Smith  
(800) 745-4088

## NOVEMBER

**8-9**

**Tax Credit & SHCM Exam**

Atlanta, GA  
Betsy Smith  
(800) 745-4088

**10**

**FHC**

Atlanta, GA  
Betsy Smith  
(800) 745-4088

**10**

**Manager's Roundtable**

Los Angeles, CA  
Debbie Hawkins  
(805) 557-1088

**16**

**504 Coordinator Class**

Atlanta, GA  
Betsy Smith  
(800) 745-4088

## DECEMBER

**7**

**Occupancy Update**

Las Vegas, NV  
Debbie Hawkins  
(805) 557-1088

**12**

**Basic Occupancy**

Long Beach, CA  
Debbie Hawkins  
(805) 557-1088

**13**

**Basic Tax Credit**

Long Beach, CA  
Debbie Hawkins  
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**14-16**

**CPO**

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## An Old Hand in a New Role

FEW PEOPLE ARE AS DEEPLY rooted in the affordable housing industry, in NAHMA and in a local AHMA as George Caruso.

With 40 years in housing development and management, a sabbatical as Executive Director of NAHMA and 22 years with SAHMA—most recently voted its new President—George Caruso is a staunch advocate for the cause of affordable housing. What motivates him?

“There’s a phrase in Matthew *‘Truly, I say to you, as you did not do it to one of the least of these, you did not do it to me’* that has always resonated with me. I’ve enjoyed the challenge of everything I’ve operated, from the most expensive condos on Lakeshore Drive in Chicago to the most highly subsidized of properties. There is just something about walking through an elderly deep subsidy property that makes me feel really good. You know that but for this property with

University, and he needed a part-time job. His faculty advisor had a friend who owned Harbor Realty and Management Company, and Caruso became a property manager. He was responsible for four large, high-end condo communities and a smaller apartment property of 250 units.

The firm had one new Section 236 property, and “one day my boss said to go read the documents on this and figure out how to operate it,” Caruso recalled. “It didn’t require an entirely new skill set, because in those days these properties were much less regulated, but there were some differences.”

“Since I was in graduate school I was used to figuring things out and finding people who could answer my questions. I’ve been intrigued by policy and finance ever since.”

Caruso has worked in a succession



He returned to the industry as executive vice president & chief knowledge officer of Edgewood Management.

### COMMITTED TO SAHMA

Caruso has served every possible position on the SAHMA board, and “after 22 years the only position left was to run for president,” he said. He is enormously proud of this organization.

SAHMA is the largest of the regional AHMAs, serving nine states plus Puerto Rico and the Virgin Islands. It will celebrate its 30th anniversary in 2011.

SAHMA has three focal points, Caruso observes. “One, the most important, is education and training. The second is the state meetings and annual conferences we hold that enable property managers and regulators to connect. The third is getting our members information quickly and concisely so they can operate successfully.”

In his role as president, Caruso “is looking to refine our very successful approach. I stand on the shoulders of the presidents who preceded me. We constantly look for new ways to help our members.”

### IN CONSTANT MOTION

Caruso has been nimble throughout his career and also in his personal life. He is a licensed pilot and an avid yachtsman.

Caruso said he is very honored to be president of SAHMA, to keep the mission of helping ‘the least of us’ moving forward. **NN**

**“When you have been given an education, opportunity and are financially comfortable you have an obligation to give back. In addition to being a good business, operating affordable housing allows you to give back.”**

its subsidy, most of the residents would have no place like this to live.”

“When you have been given an education, opportunity and are financially comfortable you have an obligation to give back. In addition to being a good business, operating affordable housing allows you to give back.”

### CAUGHT UP IN A CAREER

Caruso’s career started when he was in graduate school at Northwestern

of more responsible positions around the country.

He’d been involved in industry associations since 1978 and joined the board of SAHMA in 1989. In 1997, NAHMA founding Executive Director John Bohm was appointed assistant secretary of HUD, and George made a mid-career change to become interim executive director, allowing him to work in the policy arena. “It was a terrific mid-career sabbatical,” he said.

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

**thelastword** BY SCOTT REITHEL, NAHP - e



## Reflections of a First-Year President

AS I COME TO THE END OF MY first year of service as NAHMA's president, I can't help but be grateful for all the terrific support I've received from NAHMA past presidents, NAHMA staff, NAHMA committees and NAHMA members. All have been extremely generous and effective in making this role an enjoyable and productive one.

I'm proud to be able to point to specific accomplishments over the past year. What first comes to mind is NAHMA's Board of Directors' choice of Wells Fargo Insurance Services USA, Inc. (WFIS) as our new partner in developing a new national affordable housing insurance program designed to provide advantages in pricing, coverage and services to NAHMA members.

The board's selection of Wells Fargo was done with the utmost diligence. The review process took four phases over a five-month period, before Wells Fargo was selected.

Among the considerations in choosing Wells Fargo was their experience and expertise, their capacity to

solve some of the critical exposures the industry faces (cost being key, but also the ability to deliver solutions to wind, earthquake and flood perils, among others), their ability to serve NAHMA members nationwide, and their understanding of—and commitment to—the multifamily affordable housing industry.

I fully expect that the new insurance program will allow NAHMA members to better manage their insurance costs and risks while saving precious funds for operations. Most importantly, members will be able to access the new program through their existing insurance broker.

Also this year, many existing NAHMA programs have continued to grow: the Grassroots Advocacy Center, the certification programs, the Communities of Quality<sup>®</sup> National Recognition Program, and the Career Center are all being accessed by NAHMA members. Interest in our meetings is up as well, I believe because more and more of us understand and appreciate the importance of NAHMA's legislative and regulatory advocacy efforts. Our staff is really on top of everything that is happen-

ing within HUD, Rural Development, the IRS and all the Congressional committees and subcommittees whose decisions affect our work and our residents.

As I write this, NAHMA is fighting hard for full funding of federal affordable housing programs. The budget cuts that are being talked about could be at our expense. That's why we need you to respond when you see an email calling for grassroots support. So please take the time to help out—it could make the difference for our success.

When someone volunteers to become president of an organization as active as NAHMA, it's easy to be fearful. *How can I manage our property management division and take on this extra responsibility?* This thought has crossed my mind more than once. But then I realize how the staff and all of you contribute to making this responsibility feel much less like a chore and much more like a privilege.

I really look forward to Year Two of my tenure as NAHMA's president. **NN**

*Scott Reithel is Vice President of Property Management for Community Housing Partners and President of NAHMA.*