

News

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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HUD Publishes Proposed Rules on Criminal Background Checks

HUD published a notice of proposed rulemaking titled Reducing Barriers to HUD-Assisted Housing in the *Federal Register* in April. The proposal is available by visiting <https://public-inspection.federalregister.gov/2024-06218.pdf>.

According to HUD, the rule proposes that people not be automatically or categorically denied access to or be terminated from HUD-assisted housing—including public housing, Housing Choice Vouchers, and HUD multifamily housing—simply for having a criminal record. Instead, HUD is proposing that public housing agencies (PHAs) and owners of HUD-assisted multifamily housing be required, when making an admissions decision, to use an individualized assessment that only considers criminal records that are relevant to endangering health and safety of staff and residents and also provide full consideration to mitigating factors and circumstances. The proposed rule would continue to afford discretion to PHAs and assisted housing owners while

giving direction on adopting and implementing fair, effective, and comprehensive admissions and termination policies. The proposed rule would minimize unnecessary exclusions from HUD-assisted housing while allowing providers to maintain the health, safety, and peaceful enjoyment of their residents, staff, and communities.

HUD was seeking public comment on the proposed rule through June 10.

In 2016, HUD issued guidelines cautioning housing providers that unnecessary and unwarranted exclusions based on criminal records could create a risk of Fair



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

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A Nod to Affordable Housing Providers

IN THIS ISSUE, YOU'LL FIND OUR annual Affordable 100, a list of the 100 largest affordable multifamily property management companies ranked by affordable unit counts—defined as affordable units containing at least one of the following federal subsidies: HUD Project-based Assistance (Project-based Section 8, Section 202 and Section 811), Section 42 LIHTC, HOME and CDBG funds, USDA Sections 515 and 538, or Bonds.

The list started in 2006 as the Affordable 50. Over the years, it expanded to the top 100 in print and the top 120 on the NAHMA website. The web version also includes the 25 largest housing credit (LIHTC) property management companies and the 25 largest Rural Development program property management companies.

Each year, management companies highly anticipate the Affordable 100. These companies work hard throughout the year to provide residents with safe, quality affordable housing.

While the list is based on size, it by no means diminishes the work of those who aren't as large or don't appear. Affordable housing management companies face unique challenges daily, and we salute you for rising to those challenges.

Besides creating some bragging rights among management companies, the list also allows NAHMA to collect data we use during lobbying activities. So, we thank everyone who takes the time to complete the yearly survey regardless of their size. The information you provide helps us better advocate for you.

I would also like to take some time to thank the Affordable 100 Task Force for its work in compiling the data each year. You can find the list on Page 16, including a list of the volunteer task force members.

And while reviewing the Affordable 100, look for the companies with an asterisk. These companies participate in the Communities of Quality (COQ) National Recognition program, taking their commitment to management excellence to the next level. Through the COQ National Recognition program, multifamily properties are certified as having achieved a high standard of excellence in how they are managed, the services they provide residents, the experience and training of personnel, and other criteria. Anyone can apply for national recognition at any time during the year. To learn more about the program, visit the National Communities of Quality Recognition Program webpage under the Awards & Contests tab on the NAHMA website.

And speaking of quality affordable housing, NAHMA looks forward to seeing results from our panel of judges after reviewing all the Vanguard Awards applications due in early June. The competition recognizes the best in newly developed or rehabilitated affordable multifamily housing communities. The Affordable Housing Vanguard Awards winners will be recognized at an awards ceremony at the NAHMA fall meeting in October 2024 in Washington, D.C. **NN**

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

Housing liability because it could result in an unjustified disparate impact based on race. The guidance advised providers that using individualized assessments that considered relevant mitigating information would have a less discriminatory effect.

HUD said the proposed rule would help standardize practices regarding residents within HUD programs. The executive summary of the proposed rules said HUD's regulations generally permit a fact-specific individualized assessment approach, but the regulations haven't been updated to clearly require it.

The proposed rule would apply to HUD programs, including public housing and Section 8 assisted housing programs, Section 221(d)(3) below-market interest rate program, Section 202 program for the elderly, Section 811 program for

persons with disabilities and Section 236 interest reduction payment program. It would amend existing regulations.

The proposed rule would require housing providers to conduct an individualized assessment of each person whose suitability is under question based on criminal history. It amends the definition to include "the purpose of the Individualized assessment to determine the risk that an applicant will engage in conduct that would adversely affect the health, safety, and peaceful enjoyment of the premises by other residents, the owner, or property manager."

The proposed rule would amend certain sections of Subpart J to cover all criminal records, emphasize the limited circumstances in which HUD believes criminal records should be relevant in

an admission or termination decisions and strengthen an individual's right to dispute their accuracy and relevance in such a decision.

The proposed rule also said owners must make their tenant selection plans available to the public and specifies the acceptable manner in which this can be done, including by posting on its website or social media accounts in a conspicuous location and accessible format, where applicable.

It would also require tenants to be notified of proposed substantive changes to the tenant selection plan and be provided the right to inspect and copy such changes for 30 days following notification. This opportunity would extend to any legal or other representatives acting for tenants individually or as a group.

Additionally, it would give tenants the right to draft written comments on the proposed changes to the tenant selection plan.

HUD Releases HOTMA Final Rule for HCV and PBV Implementation

The proposed rule clarifies what counts as relevant criminal activity. Existing regulations allow owners and PHAs to prohibit admission when the household has engaged in "in a reasonable time prior to admission," in one of the four categories:

1. drug-related activities,
2. violent criminal activity,
3. other criminal activity that would threaten the health, safety or right to peaceful enjoyment of the premises of other residents or
4. other criminal activity that would threaten the health or safety of the PHA, owner, employee, contractor, subcontractor or agent of the PHA or owner.

The proposed change stated that PHAs and owners could still deny admission for the four categories of criminal activity. However, the owners or PHAs may not deny admission for categories of criminal activity beyond those specified in the regulation. The proposed rule would require establishing a "lookback period" limiting the reliance on old convictions. It would provide, for all pro-

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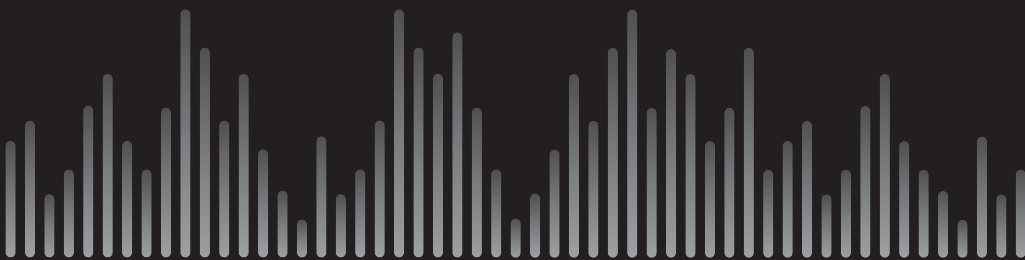
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grams, that prohibiting admission for a period of time longer than three years following any particular criminal activity is “presumptively unreasonable.”

Another change proposed by the rule would clarify that tenants shall be given at least 15 days to challenge the information’s accuracy and relevance and provide any relevant mitigation information before an admissions decision.

Furthermore, the proposed rule would require a fact-specific and individualized assessment of the applicant, adopting a term and concept familiar in the industry but not previously required in HUD programs. The proposed rule would harmonize the non-exhaustive list of relevant considerations across programs, setting out some specific factors that will frequently be considered relevant, such as how long ago the offense or incident occurred, mitigating conduct that has taken place since, for example, evidence of rehabilitation and successful reentry, including employment and tenancy, and completion of drug or alcohol treatment programs.

Additionally, the proposed rule would require these owners to update their tenant selection plans to reflect the relevant policies they employ within six months following the rule’s effective date.

Existing regulations require PHAs to obtain consent from families before accessing criminal records, require them to be kept confidential, and permit disclosure under limited circumstances. The proposed changes would broaden these protections to apply to all criminal record searches conducted by PHAs and assisted owners where appropriate.

Language concerning mandatory admission denials based on criminal activity and alcohol abuse, which are required by federal statute, is largely left unchanged by the proposed rule. The requirement that an assisted owner or PHA prohibit

admission of individuals “if any household member has been evicted from federally assisted housing for drug-related criminal activity” in the last three years unless the “circumstances leading to the eviction no longer exists” have not been modified. Nor have any modifications been made to the prohibition on admission to HUD-assisted housing to those who are

“subject to a lifetime registration requirement under a state sex offender registration program.”

The requirement that assisted owners or PHAs must establish standards to prohibit the admission of individuals “currently engaged in” illegal use of a drug and in situations where individuals’ pattern of illegal drug use or alcohol abuse may interfere “with the health, safety, or right to peaceful enjoyment of the premises by other resident[s]” would remain substantively unchanged.

However, HUD proposes clarifying the definition of “currently engages in.” The proposed rule said that a PHA or assisted owner may not rely solely on criminal activity that occurred 12 months ago or longer to establish that behavior is “current.” The proposed rule would also require that any such determination be based on a preponderance of the evidence standard. Such a determination considers mitigating evidence, for example, that the individual has successfully completed substance use treatment service.

The proposed rule would prohibit the consideration of arrest records standing alone and provide that criminal conduct or any other finding on which such an exclusionary decision is made must be based on a preponderance of the evidence.

Moreover, the proposed rule would not apply most of the changes to owners participating in the Housing Choice Voucher (HCV) or Project-Based Voucher (PBV) programs to avoid discouraging owner participation.

The proposed rule would bar the categorical, blanket exclusion of people with criminal records without regard to all rele-

vant and contextualizing evidence and consideration of the full life someone has lived.

The proposed rule includes questions for public comment, which were due June 10.

Question for comment #1: “Currently engaging in or engaged in.” The proposed rule would provide that, for purposes of determining whether criminal activity that may be the basis for termination or eviction is “current,” a PHA or owner may not rely solely on criminal activity that occurred 12 months ago or longer to establish that behavior is “current.” Should HUD establish such a rule and, if so, is less than 12 months an appropriate timeframe?

Question for comment #2: Look-back period for criminal activity. The proposed rule would provide that it is presumptively unreasonable for PHAs and owners to consider convictions that occurred more than three years ago when making admissions decisions. This is based in part on research on recidivism that indicates that people’s risk of committing a crime drops precipitously after the person has not reoffended for three years. However, the proposed rule would provide that this presumption can

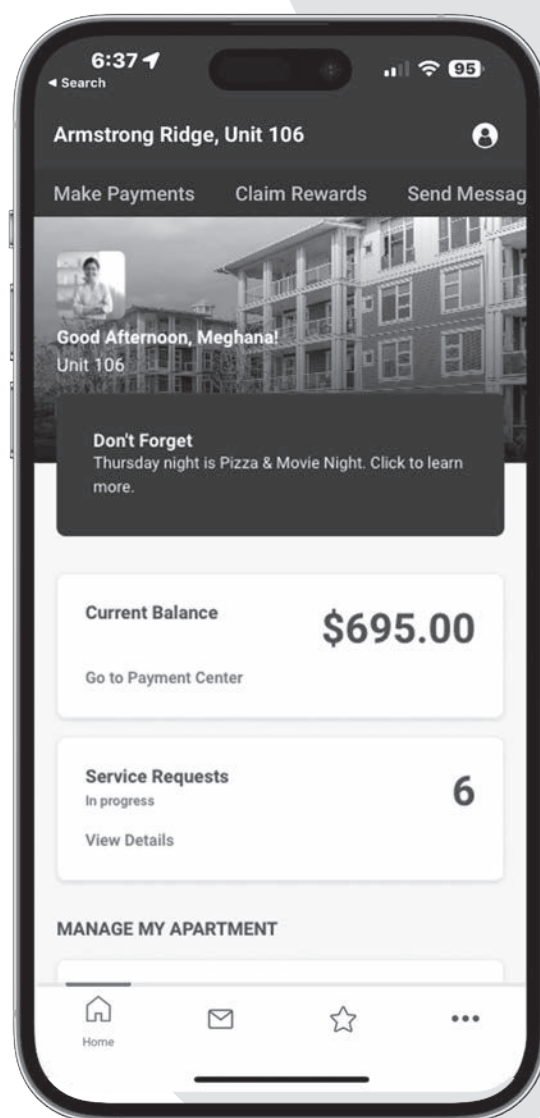
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be overcome based on evidence that, with respect to specific crimes, older convictions are relevant to individualized assessments of current suitability for tenancy.

2a. Is three years the appropriate period for this presumption? Are there specific crimes for which a longer lookback period should be considered? If so, what are those crimes, how long of a lookback period would be recommended, and what is the supporting rationale? In general, what should HUD consider adequate “empirical evidence” that, for a specified crime of conviction, would overcome the presumption that a lookback period of longer than three years is unreasonable?

2b. By the same token, are there certain offenses for which a lookback period that exceeds three years may be presumptively unreasonable? HUD seeks specific comments on all aspects of the proposal to presumptively but not conclusively cap the three-year lookback period for any given offense.

Question for comment #3: Opportunity to dispute criminal records relied upon by PHA or owner (Denials). The proposed rule would provide that PHAs and owners give the applicants relevant criminal records no fewer than 15 days before notification of a denial of admission and an opportunity to dispute the accuracy and relevance of the records relied upon. Is 15 days before notification of a denial of admission an appropriate timeframe? Do the processes described in §§ 5.855(c), 882.518, 960.204, and 982.553 adequately balance the needs of applicants and housing providers? If not, what additional processes or measures would be helpful?

Question for comment #4: Mitigating factors. The proposed rule would provide that PHAs and owners consider

the following set of mitigating factors when a decision to deny or terminate assistance or to evict is predicated on consideration of a criminal record: the facts or circumstances surrounding the criminal conduct, the age of the individual at the time of the conduct, evidence that the individual has maintained a good tenant history before and/or after the criminal conviction or the criminal conduct, and evidence of rehabilitation efforts. Are there other mitigating factors that should be considered? Should

HUD define these mitigating factors in greater detail in regulation or guidance? Please provide suggested definitions or standards.

Question for comment #5: Justifying denial of admissions. The proposed rule would provide that criminal activity in the past can be the basis for denying admission only if it would threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or PHA/property employees. Should HUD provide additional specificity in the rule or subsequent guidance on this requirement, and if so, on what aspects?

Question for comment #6: Ensuring consistency of tenant selection plan. The proposed rule would amend 24 CFR part 5 to add a new section, § 5.906. Proposed § 5.906(a) would require an owner of federally assisted housing as defined at § 5.100, other than an owner of a property receiving tenant-based assistance and project-based voucher and moderate rehabilitation owners, to amend the tenant selection plan required by § 5.655 within six

months after the effective date of the final rule to ensure its consistency with §§ 5.851 through 5.905. HUD seeks comment on whether the six months proposed to amend the tenant selection plan is reasonable.

Question for comment #7: Evidence relating to exclusions. The proposed rule would require housing providers who exclude a household member to apply a “preponderance of the evidence” standard when determining whether the household member

participated in or was culpable for an action or failure to act that warrants denial or termination. This proposal would address the need for housing providers to have a uniform standard to evaluate evidence underlying decisions that affect a tenant’s or prospective tenant’s future housing opportunities. What makes evidence generally reliable in this context? Should HUD provide further guidance regarding using evidence in this regulation or subregulatory guidance?

Question for comment #8: Rescreening of tenants for criminal activity. At §§ 982.301 and 982.355, HUD proposes to prohibit the receiving PHA from rescreening a family that moves under the portability procedures of the HCV program (including for criminal activity). HUD is aware of other circumstances under which a PHA or an owner might rescreen a tenant for criminal activity. HUD would like to consider the issue of rescreening for criminal activity comprehensively. As such, HUD seeks explicit comments

from PHAs and owners on whether there are circumstances under which rescreening a tenant for criminal activity is appropriate and, if so, an explanation of the precise circumstances and reasons. Specifically, for those PHAs and owners who rescreen, under what circumstances do you rescreen after an initial screening, how often do you conduct such rescreening, how long have you been conducting such rescreening, on approximately how many tenants/participants, and what has been the results of your rescreening? Specifically, has your rescreening then led to any evictions or terminations? If so, how many, what were the specific offenses for which they were evicted, what was the case outcome for those offenses, and when did the offense occur in relation to the eviction or termination? Were there other concerning factors raised by the tenant/participant besides the offense in question? Do you believe your rescreening serves a legitimate purpose? For all members of the public, how, if at all, should HUD address comments about rescreening in the final rule?

Question for comment #9: Owner responses to tenant comments on tenant selection plans. Proposed revisions to 24 CFR 245.115(b)(3) would give tenants the right to comment on proposed changes to the tenant selection plan, with or without the help of tenant representatives, and submit them to the owner and the local HUD office. Should owners be required to respond to comments from tenants on proposed changes to the tenant selection plan before finalizing those changes? If so, what is a reasonable time frame for an owner to respond?

Question for Comment #10: Screening Requirements for HCV and PBV Owners. As noted earlier, HUD requests comments on owner-screening requirements for the HCV and PBV programs concerning criminal records and criminal activity. Specifi-

cally, should HUD establish the same or similar requirements for HCV and/or PBV owners as proposed for owners under part 5? If not, what, if any, requirements should be established for denials based on criminal records, current or recent criminal activity, illegal drug use, or alcohol abuse? HCV Owners: Should an owner participating in or considering participating in the HCV program be required, as opposed to encouraged, to conduct an individualized assessment before refusing to rent their unit to an HCV family based on criminal activity? Likewise, should there be restrictions on an owner's screening regarding a lookback period for criminal activity? How would such restrictions apply, and what mechanism and enforcement action, if any, would a PHA be responsible for taking in such instances? Would any additional requirements adversely impact owner participation in the HCV program, and to what extent? Are there other approaches short of regulatory requirements that would encourage HCV owners or potential HCV owners to adopt such practices voluntarily? PBV Owners: Should the criminal activity screening requirements be more extensive for or exclusively applied to PBV owners as opposed to HCV owners? For example, what aspects of the PBV program, which are generally similar to other HUD project-based assistance, should HUD consider continuing to treat it more like HCV or applying the requirements proposed in this rule?

Question for public comment #11: Continued use of the term "alcohol abuse". As discussed in the preamble, this proposed rule continues the use of the statutory term "alcohol abuse" when describing the relevant potential disqualifying circumstances related to alcohol. HUD seeks public comment on the continued use of the term and whether there are alternative, less pejorative, and/or more current terms that could replace "alcohol abuse". **NN**

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Focusing on Housing Solutions And Costs

On April 29, a coalition of 23 groups representing America's housing providers, lenders, and residents, including NAHMA, sent members of Congress and the Biden administration a letter outlining several bipartisan policies they can undertake that will expand the housing supply while lowering costs and improving housing equity and opportunity.

The coalition released a press release announcing the objectives of the letter.

According to the release, in an increasing number of communities, too many hard-working Americans cannot rent or buy homes due to increased housing costs. These rising costs are driven by a lack of supply created by barriers to development that increasingly make it extremely challenging, if not impossible, to build housing at almost any price point—particularly a price that's affordable to low- and middle-income families.

"It is critical that we start now to enact policies that will incentivize new housing production and preservation. We recommend that policymakers immediately move forward on measures that would go a long way to increasing the nation's housing supply and alleviate the housing affordability challenges communities across the country are facing," the release said.

The release said housing has always been a bipartisan issue. Policymakers at every level of government have a role in removing obstacles to housing production and preservation and addressing the housing affordability challenges that have faced this country for decades.

"Using a combination of incentive-based programs, streamlined regulatory burdens and innovative solutions, we stand ready to work with Congress and the administration to address the housing affordability challenges faced by communities across the nation," said the release.

The letter highlights legislation currently before Congress:

The "Yes In My Back Yard" (YIMBY) Act aims to eliminate discriminatory land-use policies and increase housing production by requiring reporting from Community Development Block Grant recipients.

The Housing Supply and Affordability Act proposes a new Local Housing Policy Grant program to support local efforts to expand housing supply.

The HOME Investment Partnerships Reauthorization and Improvement Act seeks to reauthorize and increase funding for the HOME program to \$5 billion.

The Build More Housing Near Transit Act encourages housing development near transit corridors.

The Choice in Affordable Housing Act aims to streamline the Section 8 Housing Choice Voucher Program.

The Manufactured Housing Affordability and Energy Efficiency Act looks to enhance the regulatory framework for manufactured housing.

The Rural Housing Service Reform Act enables structural improvements to USDA's Rural Development programs by continuing rental assistance when a mortgage loan expires, thus permanently securing housing for low-income rural residents.

The Affordable Housing Credit

Improvement Act seeks to expand the LIHTC program to finance the construction of nearly 2 million affordable homes over the next decade, boosting private investment in housing.

The Workforce Housing Tax Credit Act introduces a new tax credit to create affordable housing for essential workers earning up to 100% of the area median income, helping those integral to community stability.

The Revitalizing Downtowns Act incentivizes the conversion of underutilized commercial properties. It proposes a 20% tax credit for transforming offices, hotels, and retail spaces into housing, addressing shortages while enhancing local economies and tax revenues.

Additionally, there are proposals to leverage underutilized commercial properties for residential housing, enhance Opportunity Zones to boost multifamily housing production, and introduce new tax incentives to stimulate the affordable housing sector.

The letter also raises concerns about certain revenue-raising proposals included in the fiscal year 2025 budget that would negatively impact the housing industry and ultimately could limit housing supply.

A copy of the letter is available by request to lkeys@nahma.org or online at <https://www.nmhc.org/news/press-release/2024/broad-housing-coalition-calls-on-lawmakers-to-enact-policies-aimed-at-broadening-housing-supply-and-lowering-costs/>. **NN**

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

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Call for Action: Push for Senate Action on Critical Bipartisan Tax Legislation

DESPITE THE TAX RELIEF FOR American Families and Workers Act of 2024 passing the House of Representatives on Jan. 31, the legislation remains stalled in the Senate. The impasse primarily stems from objections by Senate Finance Committee Ranking Member Mike Crapo (R-ID), particularly regarding the Child Tax Credit provisions. Nevertheless, negotiations continue, and there is still time for a breakthrough this summer. However, the time frame to act is quickly diminishing.

NAHMA urges members to communicate with their senators, emphasizing the significance of this bipartisan legislation for LIHTC. Specifically, the tax bill is the best opportunity this year to increase the supply of affordable housing by restoring the 12.5% increase in housing credit authority that was allowed to expire, and lowering the bond financing threshold to 30% to unlock the resources desperately needed to build and preserve over 200,000 affordable rental housing across the country.

NAHMA is asking members to advocate for their senators to vote for the bill using the talking points below.

For Members with Republican Senators: Advocate for public support of the bill and confirm their readiness to vote in favor when it reaches the floor.

For Members with Democratic Senators: Stress the importance of conveying support to Majority Leader Chuck Schumer to bring the bill to the floor promptly.

The Tax Relief for American Families and Workers Act (H.R.7024) includes

two provisions expanding the reach of the LIHTC, making the production of over 200,000 affordable rental homes possible. These affordable housing provisions are:

Restoration of the 12.5% increase in housing credit authority the program suffered after a temporary four-year increase (2018-2021) expired, as Congress has not enacted tax legislation in the last several years. H.R.7024 would boost 9% housing credit authority by 12.5% for calendar years 2023, 2024, and 2025.

Establish a lower tax-exempt bond financing requirement for developments financed with the 4% housing credit, so long as the multifamily housing bonds triggering those credits have an issue date prior to 2026. The bill would lower the bond financing test from its 50% level under current law to 30%. This would allow states to use their existing Private Activity Bond authority more efficiently and streamline program financing, reducing soft costs associated with affordable housing production.

What is the impact of H.R.7024's housing provisions?

Together, Novogradac estimates a total of an additional 202,573 new and preserved affordable rental homes would be financed, supporting 304,190 jobs, generating \$34.3 billion in wages and business income, as well as \$11.9 billion in federal, state, and local tax revenue.

How much support did this legislation achieve in the House of Representatives?

On Jan. 31, the House of Representatives passed H.R.7024 by a wide bipartisan margin with a 357-70 vote. A majority of both Republicans and Democrats

voted in favor of the bill. Prior to the floor vote, the House Ways and Means Committee passed the legislation out of Committee on a 40-3 vote.

Who supports the Housing Provisions in H.R.7024?

A coalition of 120 leading national and statewide affordable housing and community development organizations sent a letter to Senate Majority Leader Schumer and Minority Leader Mitch McConnell upon passage of the legislation in the House in support of the bill's affordable housing provisions. Governors have weighed in with their support for the bill through the National Governors Association.

Moreover, the affordable housing provisions are inspired by stand-alone tax legislation—the Affordable Housing Credit Improvement Act (S.1557/H.R.3238), sponsored by Sens. Maria Cantwell (D-WA), Todd Young (R-IN), Ron Wyden (D-OR), and Marsha Blackburn (R-TN) in the Senate and Reps. Darin LaHood (R-IL), Suzan DelBene (D-WA), Brad Wenstrup (R-OH), Don Beyer (D-VA), Claudia Tenney (R-NY), and Jimmy Panetta (D-CA) in the House. The legislation is cosponsored by over half of the House and one-third of the Senate. Additionally, the support is evenly divided between Republicans and Democrats in both chambers.

Visit <https://rentalhousingaction.org/tell-congress-to-pass-tax-package-with-key-housing-credit-provisions/> to find additional resources, including email templates, to aid the outreach. Contact Larry Keys Jr., lkeys@nahma.org, for further assistance. **NN**



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Agencies Focus on Energy-Efficient Programs

The Environmental Protection Agency (EPA) and HUD announce programs to increase energy efficiency, assist with retrofitting and provide free water benchmarking.

In March, HUD announced the Office of Multifamily Housing Program's new energy and water benchmarking service was available at no cost to owners of properties participating in eligible Multifamily Project-Based Rental Assistance programs. Funded under the Inflation Reduction Act, the new service is designed to help owners understand their energy and water usage and identify where to upgrade for the most significant cost savings.

According to HUD, more than 700 properties have already signed up for the free service, with benchmarking information that can be used to assess upgrades eligible to be funded under the Green and Resilient Retrofit Program (GRRP).

By taking advantage of this service, property owners will receive personalized support in assessing the efficiency of their buildings for up to four years.

The HUD Energy and Water Benchmarking Service offers a variety of benefits to participating multifamily property owners, including:

Receiving an annual property analysis report with usage trends and identifying energy and water savings opportunities in your building(s).

Establishing eligibility or preparing you to make use of federal, state, and utility energy efficiency programs, such as HUD's Multifamily GRRP and EPA's Greenhouse Gas Reduction Fund; and

Supporting early compliance with local ordinances as more localities across the country are interested in energy usage data of multifamily properties.

HUD said that by opting in for

benchmarking services, participants are accepting up to four years of services that will assist in upgrading their multifamily property. Contact HUD at MFBenchmarking@HUD.gov to participate or to get answers to any benchmarking questions.

In March, HUD announced \$173.8 million in new grant and loan awards under GRRP bringing the total funding awarded under this program to \$544 million, or more than 50% of funding being awarded through this program.

The grants and loans announced will support energy efficiency and climate resilience renovations at 25 properties participating in HUD's Multifamily Project-Based Rental Assistance programs for low-income individuals, families, and seniors.

The GRRP Comprehensive awards provide funding to properties with the highest need for climate resilience and utility efficiency upgrades. The 25 properties receiving Comprehensive awards represent a mix of property sizes, affordable housing program participation, and energy efficiency and climate resilience needs. Eight properties participate in the HUD Section 202 project-based rental assistance program for low-income seniors, and 17 properties participate in the HUD Section 8 project-based rental assistance program for low-income individuals and families. One property has more than 200 units, 17 properties have between 51-200 units, and seven properties have 50 or fewer units. Five properties have a very high need for energy efficiency improvements, and 14 properties have very high climate risks, including significant damage and disruption to residents from climate and extreme weather hazards, such as extreme heat, hurricanes, flooding, and other catastrophic storm events.

In April, the EPA announced selections for \$20 billion in awards to create a national financing network to fund tens of thousands of climate and clean energy projects nationwide, especially in low-income and disadvantaged communities. This investment is part of the EPA's Greenhouse Gas Reduction Fund, a first-of-its-kind and national-scale \$27 billion program funded through the Inflation Reduction Act to combat the climate crisis by catalyzing public and private capital for projects that slash harmful climate pollution, improve air quality, lower energy costs, and create good-paying jobs. This program will ensure communities nationwide have access to the capital they need to participate in and benefit from a cleaner, more sustainable economy.

The investment will support various climate and clean energy projects, including distributed clean power generation and storage, net-zero retrofits of homes and small businesses, and zero-emission transportation, which can lower energy costs for families and improve housing affordability while tackling the climate crisis. The selected applicants have committed to reducing or avoiding up to 40 million metric tons of carbon pollution annually over the next seven years. In addition, selectees plan to mobilize almost \$7 of private capital for every \$1 of federal funds—approximately \$150 billion total—ensuring that today's awards will have a catalytic, ongoing effect on the deployment of climate and clean energy technologies at scale, particularly in underserved communities.

The \$20 billion in awards will be deployed through eight selected applicants across two separate and complementary programs under EPA's Greenhouse Gas Reduction Fund—the \$14 billion National Clean Investment Fund and the \$6 billion Clean Communities Investment Accelerator. **NN**

2024 NAHMA AFFORDABLE 100

How many housing units receive at least one form of federal subsidy in the United States today? The annual NAHMA Affordable 100 list provides this important data!

THE NAHMA AFFORDABLE 100 comprises the largest affordable multifamily property management companies, ranked by subsidized unit counts. The NAHMA Affordable 100 list contributes vital data to the ongoing national dialogue on the future of federal funding for affordable housing. In an effort to accurately determine the portfolio of units receiving federal subsidy in the United States, NAHMA publishes this annual listing of affordable units containing at least one of the following federal subsidies:

- HUD Project-based Assistance (Project-based Section 8, Section 202, Section 811)
- Section 42 LIHTC
- HOME and CDBG funds
- USDA Sections 515 and 538
- Bonds

NAHMA is the leading voice for the affordable housing management industry, promoting developing, managing and preserving quality affordable multifamily housing. NAHMA advocates for legislative and regulatory policy and provides affordable housing professionals with the knowledge to advance excellence in the communities they serve.

NAHMA supports legislative and regulatory policy that promotes the development and preservation of decent and safe multifamily affordable housing. NAHMA serves as a vital resource for technical education and information, fosters strategic relations between government and industry, and recognizes those who exemplify the best in affordable housing.

1	FPI Management, Inc. (2)	Folsom, CA	74,284	165,077
2	WinnCompanies* (1)	Boston, MA	68,929	109,037
3	The Michaels Organization* (5)	Camden, NJ	52,233	78,211
4	Asset Living (3)	Houston, TX	47,448	292,113
5	Related Real Estate* (4)	New York, NY	40,000	87,000
6	Dominium* (6)	Dallas, TX	36,426	38,059
7	The John Stewart Company (7)	San Francisco, CA	31,706	34,520
8	ConAm Management Corporation (11)	San Diego, CA	29,695	59,796
9	KMG Prestige, Inc. (9)	Mt. Pleasant, MI	27,509	31,523
10	MMS Group* (8)	Suffern, NY	26,314	45,081
11	Capstone Real Estate Services, Inc. (13)	Austin, TX	25,905	38,568
12	The Franklin Johnston Group (24)	Virginia Beach, VA	25,065	31,906
13	Mercy Housing* (14)	Denver, CO	24,183	24,355
14	Royal American Management, Inc. (10)	Panama City, FL	23,749	24,985
15	National Church Residences* (15)	Columbus, OH	23,336	23,884
16	Millennia Housing Management Ltd.* (16)	Cleveland, OH	22,299	31,463
17	Capital Realty Group* (19)	Spring Valley, NY	20,705	20,705
18	Reliant Realty Services (17)	New York, NY	19,900	20,700
19	Involve Client Services Group/ Involve Communities (12)	Memphis, TN	18,071	22,287
20	TM Associates (46)	Rockville, MD	17,743	18,817
21	EAH Housing (41)	San Rafael, CA	17,430	17,430
22	Edgewood Management Corp.* (21)	Gaithersburg, MD	17,344	17,490
23	The Richman Group, Inc.	Tampa, FL	16,837	23,074
24	C&C Apartment Management, LLC (25)	New York, NY	16,077	20,482
25	Fairfield Residential (28)	San Diego, CA	16,040	35,252
26	Fairway Management, Inc. (26)	Columbia, MO	16,000	17,000
27	Allied Orion Group (27)	Houston, TX	15,947	26,790
28	Wingate Management* (31)	Newton, MA	15,673	20,053
29	SPM, LLC* (18)	Birmingham, AL	15,493	21,379
30	CAHEC Management, Inc. (32)	Columbia, SC	15,222	15,376
31	Gateway Management Company (20)	Birmingham, AL	15,186	17,562
32	TRG Management Company, LLP (29)	Weston, FL	15,100	21,300
33	Volunteers of America* (30)	Alexandria, VA	15,000	15,000
34	Conifer Realty, LLC (38)	Rochester, NY	14,796	15,765
35	Retirement Housing Foundation (36)	Long Beach, CA	14,289	15,250
36	Winterwood, Inc.* (50)	Lexington, KY	14,207	14,449
37	Gene B. Glick Company, Inc.* (40)	Indianapolis, IN	14,073	20,945
38	Mayfair Management Group (70)	Dallas, TX	14,035	15,658
39	Beacon Communities, LLC* (37)	Boston, MA	13,705	18,193
40	Aperto Property Management, Inc.* (47)	Irvine, CA	13,623	17,000
41	Hallmark Management, Inc. (43)	Atlanta, GA	13,579	15,164
42	Fairstead Management* (39)	New York, NY	13,405	18,900
43	United Apartment Group (42)	San Antonio, TX	13,000	18,000
44	S.L. Nusbaum Realty Co. (23)	Norfolk, VA	12,886	29,862
45	Partnership Property Management* (55)	Greensboro, NC	12,747	12,889
46	Wallick Communities*	New Albany, OH	12,562	13,678
47	The NRP Group, Inc. (45)	Cleveland, OH	12,500	20,500
48	Preservation of Affordable Housing, Inc.* (49)	Boston, MA	12,371	12,747
49	Woda Cooper Companies, Inc. (35)	Columbus, OH	12,233	12,375
50	McCormack Baron Management, Inc. (48)	St. Louis, MO	11,695	15,259
51	Peabody Properties, Inc.* (51)	Braintree, MA	11,621	15,074

52 Pennrose (57)	Philadelphia, PA	11,606	12,591
53 Peak Living (52)	Provo, UT	11,600	31,500
54 Enterprise Residential, LLC (53)	Baltimore, MD	11,589	11,589
55 Lincoln Property Company (54)	Dallas, TX	11,500	204,000
56 NDC Real Estate Management, Inc. (56)	Pittsburgh, PA	11,345	11,457
57 Wilhoit Properties (58)	Springfield, MO	11,100	12,100
58 Evergreen Real Estate Group (59)	Chicago, IL	11,000	11,350
59 Kittle Property Group, Inc. (44)	Indianapolis, IN	10,872	15,012
60 Avanath Realty, Inc. (62)	Irvine, CA	10,800	10,800
61 Hayes Gibson Property Services, LLC	Bloomington, IN	10,771	14,492
62 Solari Enterprises, Inc.* (66)	Orange, CA	10,635	10,635
63 Habitat America, LLC*	Annapolis, MD	10,577	11,727
64 USA Properties Fund, Inc. (65)	Roseville, CA	10,412	11,782
65 AWI Management Corporation (67)	Auburn, CA	10,338	10,358
66 Eden Housing (68)	Hayward, CA	10,000	10,000
66 Picerme Management (68)	Altamonte Springs, FL	10,000	21,600
68 The Community Builders, Inc.* (74)	Boston, MA	9,920	10,878
69 Pedcor Management Corporation (72)	Carmel, IN	9,500	17,300
70 Elmington Property Management (22)	Nashville, TN	9,478	25,218
71 Seldin, LLC* (59)	Omaha, NE	9,469	19,124
72 Maloney Properties, Inc.* (71)	Wellesley, MA	9,283	9,440
73 CRM Residential* (61)	Pleasantville, NJ	9,210	9,376
74 MACO Management Company, Inc. (75)	Clarkton, MO	9,100	9,600
75 Barker Management, Inc. (77)	Anaheim, CA	9,000	10,000
75 Continental Management (77)	Bingham Farms, MN	9,000	9,700
77 Monroe Group, Ltd.* (84)	Denver, CO	8,925	8,925
78 Cambridge Management, Inc. (91)	Tacoma, WA	8,910	9,159
79 National Community Renaissance* (79)	Rancho Cucamonga, CA	8,847	9,444
80 RLJ Management Co., Inc. (80)	Columbus, OH	8,765	8,810
81 Buckingham Property Management (82)	Clovis, CA	8,600	9,200
82 Community Management Corporation* (83)	Winston-Salem, NC	8,589	8,629
83 SHP Management Corp.* (86)	Cumberland Foreside, ME	8,473	8,473
84 Rose Community (85)	Brooklyn, NY	8,300	10,200
85 Hispanic Housing Development Corporation (90)	Chicago, IL	8,068	8,068
86 Hyder & Company (76)	San Marcos, CA	8,019	8,019
87 J & A, Inc.	Corinth, MS	7,978	7,978
88 MetroPlains Management, LLC (87)	Fargo, ND	7,800	9,300
89 Housing Management Resources, Inc.* (95)	Quincy, MA	7,754	7,848
90 Burlington Capital Properties* (88)	Omaha, NE	7,700	10,600
90 Cohen-Esrey Real Estate Services, LLC (88)	Overland Park, KS	7,700	11,000
92 Preservation Management, Inc.* (73)	South Portland, ME	7,629	7,634
93 Yarco Company, Inc. (93)	Kansas City, MO	7,500	11,000
94 California Commerical Investment Group (97)	Westlake Village, CA	7,300	8,200
95 Arnold-Grounds Apartment Management & Affordable Housing Specialists, LLC* (107)	Grapevine, TX	7,290	7,290
96 RPM Living (92)	Austin, TX	7,287	181,567
97 Cascade Management, Inc. (64)	Portland, OR	7,268	7,395
98 LHP Management* (98)	Knoxville, TN	7,200	7,400
98 PK Housing & Management (98)	Cleveland, OH	7,200	13,500
100 Greystar (100)	Charleston, SC	7,191	670,000

Companies in bold provided data for NAHMA's survey. All others are based on industry estimates.

* A NAHMA Communities of Quality National Recognition Program Participant

¹ and ² All unit data represent only units directly managed (not owned) that were rented or available to rent on Dec. 31, 2023. Down units, abated units, units under construction or rehabbing units not available for rent are not included.

¹ Total affordable units managed. Federal programs only, including HUD, LIHTC, USDA, HOME, and Bond programs. Data do not include state or local subsidy, public housing, tenant-based vouchers (Section 8 or RD tenant-protection vouchers), or federal mortgage insurance programs. If a unit has more than one subsidy, it is counted only once.

² Total residential units managed (including market or affordable).

NAHMA would like to extend its sincere thanks to the NAHMA Affordable 100 Task Force, without whose hard work and support this survey would not have been possible. In particular, sincere appreciation goes to task force chair Nathan Burnett, Watchtower Security and vice chair Jeffrey Promnitz, Zeffer & Associates, Inc.; Amber Day, TrashPro; Leo Delgado, Converged Services Inc.; Sheldon Farnes, FJ & Associates PLLC; Rue Fox, ResMan; T.J. Golson, ResMan; Tracey Gray, Watchtower Security; Tammy Hunter, Choice Property Resources; Barbara (Babbie) Jaco, CAHEC Management Inc.; Julie Klein, Watchtower Security; Mark Livanec, Yardi; Alex Marram, Yardi; Scott Nelson, RealPage Inc.; Andrew Pieplow, Watchtower Security; Scott Ployer, National Property Management Strategies Group; Andy Reithel, Lumina Partners LLC; and Mary Beth Snyder, Yardi.

If you believe your company should be included in next year's survey, please contact Jennifer Jones, jjones@nahma.org.

Cap-on-Cap Implementation Goes Into Effect

In April, HUD released its annual income limits for 2024 that determine the income eligibility of applicants for HUD's housing assistance programs and are used to determine the maximum rents allowed for the HOME and LIHTC programs. Income limits determine the top-most income level for households eligible to receive HUD rental assistance or to live in a property financed by any of these programs. In the case of the LIHTC and Multifamily Bond programs, the income limits directly impact the rents owners may charge, as maximum rents are set at 30% of designated income limits by unit. HUD initially announced its inten-

tion to implement the cap-on-cap in a January notice published in the *Federal Register*.

Additionally, HUD released a Frequently Asked Questions (FAQs) on Fiscal Year (FY) 2024 Income Limit Cap-on-Cap document to answer several key questions.

According to the FAQs, HUD is modifying the methodology for determining the cap on how much income limits can go up in a single year in any individual Fair Market Rent (FMR) area. Since 2009, HUD has limited the year-to-year increase in income limits to the higher of 5% or twice the percentage change in national median family income.

HUD said it is making this change for three reasons:

Tenant protection. Because landlords

use income limits to set rents in the HOME program and LIHTC incentive, this change protects against single-year rent increases of more than 10% for affordable housing properties receiving these federal benefits. By limiting increases in income limits, HUD decreases the burden on low-income households who otherwise would face a sizeable single-year rent increase resulting from higher income limits.

Statistical error. The data used to determine income limits in some FMR areas may not have a large sample size. Thus, a statistical error could lead to a change in the estimated local median

income that is greater than the actual change. If the increase is a real increase, that would likely be captured in the following year's data and result in a smoother increase in the income estimate over two years. It would be highly unusual to have multiple years of annual income growth over 10%, so for places with a cap and real income growth, HUD's income limits would be expected to "catch up" in years with slower income growth. If the increase is due to statistical error, then HUD would not have raised the income limits—and potentially lead to sharp rent increases—unnecessarily.

Stability and certainty. With the adoption of this methodological change, HUD also hopes to assist affordable housing development by providing some additional certainty on future maximum income limit increases and the data used to determine that limit. In response to

the notice, several commenters indicated that this certainty would be helpful in planning for the financial viability of current and future projects.

In FY 2024, the 10% allowed increase cap would apply to 21% of FMR areas.

Under current Treasury rules, LIHTC owners are not required to lower their rents when incomes in an area decrease. They are also not required to raise their rents when income limits increase, but they may. HUD recognizes that landlords have experienced increased costs associated with higher labor, material, and insurance costs. HUD calculates year-to-year changes in these costs as part of its Oper-


ating Cost Adjustment Factors for HUD-assisted housing. HUD estimates of the combined increases in costs for labor, materials, and insurance in 2023 and 2024, capturing

the inflationary period of 2022, never exceeded 10% in any state.

While HUD recognizes that property owners are under financial pressure given recent increases in both development and operating costs, the 10% "cap on cap" appropriately balances the economic pressure on owners with the objectives of reducing the risk of statistical error and protecting low-income residents from untenable rent increases, the agency said.

In addition, because it is highly unusual to have multiple years of annual income growth over 10%, properties in jurisdictions with newly capped income limit increases could phase in rent increases over a multiyear period instead of implementing a larger increase all in one year. HUD's income limits would be expected to "catch up" in years with slower income growth and allow owners to raise rents to cover

continued on page 20



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HUD has had a cap on income limits since 2009 and said it has seen no evidence that caps—even those much lower than 10%—have limited supply nationally. Because the demand for LIHTC credits is significantly larger than the current supply of credits, the overall supply of LIHTC properties should not be affected by a cap on the cap on single-year rent increases in a limited number of places.

HUD said according to comments it received in response to the notice announcing the methodology change, some advocates for the LIHTC developer community noted that new developments are the most impacted by the cap because developers would be able to build more units if they can charge higher rents.

HUD said that the cap on income limit increases is only one component of the financing and operation of LIHTC

properties. The future income level will often not be known and may result in lower income limits than planned properties have assumed, regardless of the cap on income limit increases. Developers of properties financed with LIHTC do not typically assume annual rent growth in excess of 10%; financial underwriting criteria are much more conservative, assuming rent growth in the range of 2% or 3% annually.

In addition, properties in jurisdictions with newly capped income limit increases could phase in rent increases over a multi-year period instead of implementing a more significant increase all in one year. At most, the capped increase on income limits would moderate exceptionally high rent growth in a limited number of areas for just one-to-two years. A cap of 10% represents an unusually high value compared to historical averages, suggesting that income limits calculated using a 10% cap in one

year will “catch up” in future years.

HUD said the cap-on-cap is a reasonable limitation. A cap has been in place for 15 years, usually capping at significantly less than 10%, and interest in credits has still exceeded demand for credits nationally. According to HUD, the policy change has no impact on developers who wish to build market rate housing without the LIHTC subsidy.

However, according to HUD, it may impact a small number of potentially eligible households. Households on a fixed income are a large portion of the population needing housing assistance. Generally, a 10% cap on year-to-year increases exceeds any likely increase in income for households with fixed income cost of living adjustments (COLA). The largest Social Security COLA adjustment in recent years was 8.7% in 2022. Only in 1980 and 1981 was it above 10%, according to HUD. **NN**

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FCC Chair Proposes Banning Bulk-Purchasing of Internet, Cable for Multifamily Properties

The Federal Communications Commission (FCC) Chairwoman Jessica Rosenworcel announced a plan in March that would purportedly lower costs and address the lack of choice for broadband services available to households in apartments, condominiums, public housing, and other multitenant buildings, according to an agency press release.

“Too often, tenants living in these households are forced to pay high prices with limited choices for internet or other services. The [FCC] chairwoman’s proposal would seek to eliminate ‘bulk billing’ arrangements imposed on tenants that impose a specific broadband service provider for their household,” said the press release.

The release said the proposal if adopted by a vote of the full commission, would seek comment on actions the agency can take to lower costs and encourage greater choice of communications services for the millions of Americans living and working in multitenant environments.

Specifically, the Notice of Proposed Rulemaking would propose banning bulk billing arrangements by which tenants must pay for broadband, cable, and satellite service provided by a specific communications provider, even if they do not wish to take the service or prefer another provider. It proposes allowing tenants to opt out of bulk

billing arrangements.

According to the release, the proposal would also increase competition for communications service in these buildings by making it more profitable for competitive providers to deploy service in buildings where it is currently too expensive to serve consumers because tenants are required to take a specific provider’s service. The commission would also seek comment on other practices that may limit consumer choice in

multiunit buildings.

According to the release, the proposal builds on the FCC’s 2022 rules to increase competition and transparency in multitenant environments. Those rules prohibit broadband providers from entering into certain revenue-sharing agreements with a building owner, require providers to clearly and accessibly inform tenants about exclusive marketing arrangements, and clarify that FCC rules regarding cable inside wiring prohibit so-called sale-and-leaseback arrangements that block competitive access to alternative providers. Those rules went into effect later that year.

In response to the announcement, 11 members of the House of Repre-

sentatives sent a letter to the FCC opposing the proposal.

“We are concerned that this proposal would harm seniors, fixed-income individuals, and students who reside on the premises of these arrangements. Therefore, we request that the Federal Communications Commission (FCC) consider these factors when evaluating the Chairwoman’s proposal.

“In 2010, the FCC found that bulk billing arrangements ‘predomi-

nately benefit consumers.’ We fear that the FCC will reverse this finding. However, we believe the FCC’s prior decision is well-founded as it enables consumers, including seniors, fixed-income individuals, and students, to aggregate their purchasing power. We also believe that providers are currently chosen in a competitive market, as organizations receive multiple bids from companies offering lower rates than those paid by individuals negotiating for service on their own. In addition, we have seen service providers invest upfront for all-fiber and other state-of-the-art infrastructure for the premises in question, often improving the quality of service available to consumers,” the letter said. **NN**

Industry Urges Postponement Of BAP Implementation

AHMA was one of seven industry partners that sent a joint letter to HUD regarding implementing the Buy America Preference (BAP), which was authorized by the Build America, Buy America Act (BABA).

“We, the undersigned, are dedicated to addressing the critical housing needs of our nation and recognize the importance of ensuring affordable housing opportunities for all Americans. However, we face significant challenges in easing rising housing costs, preserving affordable housing stock, and facilitating the development of much-needed new housing supply. Our organizations comprise a diverse array of organizations spanning the housing sector, advocating for policies that promote equitable access to housing and address the unique needs of under-resourced communities. As stakeholders deeply invested in advancing housing affordability and stability as part of Department of Housing and Urban Development (HUD) programs, we appreciate the opportunity to provide input on the implementation of the Buy America Preference (BAP) authorized by the Build America, Buy America Act (BABA),” the letter said.

The comments touched on the most common building products and materials used in the new construction of single-family and multifamily housing, the most commonly imported items, and concerns about the potential unintended consequences for affordable housing production that may result from applying BABA domestic sourcing requirements to HUD’s affordable housing programs.

The National Association of Home Builders (NAHB) Economics Department analyzed Input-Output Accounts data from the U.S. Bureau of Economic Analysis to identify the building products the BAP would most impact. The available data was brought forward to 2023 using nominal percentage increases in the num-

ber of single-family and multifamily residential structures and imports of goods. The time-adjusted data shows nearly \$179 billion in products used in 2023, of which \$13 billion, 7.3%, was imported.

“Although the percentage of imports for many products and materials may seem relatively small, imports provide an important relief valve that can help avoid price spikes and input shortages that make it difficult to build housing—especially affordable housing,” the letter said.

Some of the largest product categories commonly used in the construction of new single-family and multifamily housing are “plastic products,” which includes plastic piping, plumbing fixtures, and polystyrene foam insulation, and “architectural and structural metals,” which includes metal windows and doors, sheet metal ductwork, rails, and fencing.

The letter said banning imported materials for housing projects using federal financial assistance (FFA) would increase supply shortages, leading to construction delays and higher expenses. Even though most building products are primarily domestically procured, unforeseen supply constraints add to construction costs and increase delays. Maintaining access to international markets is essential for builders and developers to ensure timely and budget-friendly completion of their projects and mitigate cost increases in the face of reduced supply, the letter said.

Industry surveys highlight the importance of maintaining access to imports of iron and steel, construction materials, and manufactured products. In a NAHB/Wells Fargo Housing Market Index report, 63% of respondents reported having significant problems with building material prices, and 37% had significant issues with the availability and amount of time it took to obtain building materials.

“The data underscores the ongoing concern of the industry about access to

materials, even without the presence of a domestic procurement mandate,” the letter said.

According to the letter, access to the product categories impacted by the BAP varies in response to global economic and political conditions that are largely unpredictable and can have immediate and long-term price impacts. Many product categories are already severely undersupplied, and domestic sources cannot fully fill the supply gap in the near term. Shortages like these are cyclical, and access to global markets helps offset price volatility, but the BAP would hamper this market mechanism.

“Furthermore, we remain unclear about how prepared domestic suppliers and distributors are to consistently verify products and materials as Made in America and what documentation from FFA recipients and subrecipients would suffice in the case of a HUD audit. Additionally, many of the undersigned represent subrecipients of HUD FFA and are concerned about differing documentation requirements across jurisdictions that will further increase their costs to meet varying BAP documentation standards,” said the letter.

The letter said the coalition is concerned about the possible unintended consequences of BABA on affordable housing production, claiming expansion of BAP established by BABA will disproportionately burden builders, developers, contractors, and state and local governments already grappling with the housing supply shortage.

“These added costs will strain the resources of state and local governments and their development partners, ultimately reducing the pool of firms participating in HUD programs and curtailing affordable housing production. Therefore, we urge HUD to postpone the implementation of the BAP for at least one year,” said the letter. **NN**



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Report Concludes Affordability Worse Than Before

The Joint Center for Housing Studies (JCHS) of Harvard University has released a report, America's Rental Housing 2024, which examines the state of rental housing in the U.S., including the nation's critical affordability and policy challenges.

According to a blog post summarizing the report, written by JCHS senior research associate Whitney Airgood-Obrycki and JCHS research analyst Sophia Wedeen, there are six key takeaways.

1. Rental markets are softening.

According to the blog, after an overheated 2021 and 2022, rental markets finally showed signs of cooling. Apartment rent growth peaked at a record-breaking 15% annually in the first quarter of 2022 before starting to decelerate. By the third quarter of 2023, rents grew by just 0.4% yearly.

Rising vacancy rates helped slow rent growth. The apartment vacancy rate climbed to 5.5% in the third quarter of 2023 from a record low of just 2.5% in early 2022. Historically strong multifamily completions were primarily responsible for pushing up vacancy rates; 436,000 multifamily units came online in the third quarter of 2023 on a seasonally adjusted annualized basis, according to the blog.

2. Affordability is worse than ever before. The report concluded that asking rents remain above pre-pandemic levels and affordability conditions are the worst on record. In 2022, the number of cost-burdened renter households hit a new high of 22.4 million. This marked an increase of 2 million house-

holds since 2019, pushing the share of cost-burdened renter households to 50%, a 3.5 percentage point jump in just three years.

The blog post said an upward shift in the rent distribution contributed to this trend. Since 2012, the market has lost more than 2.1 million units renting for less than \$600 and 4.0 million units renting for \$600 to \$999. During the same period, the market gained 8.4 million units renting for at least \$1,400, driven by rent increases and high-end new construction. Not only have rents risen, but they have outpaced incomes over the last two decades, according to the report. Among renter households with an annual income under \$30,000, the median amount of funds left over after paying for rent and utilities was just \$310 a month, an all-time low and a drop of 47% since 2001 when adjusting for inflation.

3. Housing instability is rising.

Early pandemic efforts to keep renters housed—including eviction moratoriums, income supports, and a \$46.55 billion emergency rental assistance program—were winding down as rents skyrocketed, leaving many renter households vulnerable to housing instability, according to the blog post. At the end of 2022, evictions neared pre-pandemic levels and remained elevated through the middle of 2023, when about 12% of renter households reported that they were still behind on rent.

The end of pandemic relief measures and historically high rent growth also increased homelessness. The number of people experiencing homelessness jumped by nearly 71,000 from January 2022 to January 2023, the most significant single-year increase on record, to an all-time high of 653,100 people.

The number of people staying in places not intended for human habita-

tion hit an unprecedented 256,610 people, up 48% since 2015. As the number of people living in unsheltered locations rose in expensive states like California, Oregon, and Washington, traditionally more affordable states like Ohio and Tennessee also had large increases over this period, according to the report.

4. Rental assistance falls far short of the need. Despite deteriorating housing affordability and stability, rental assistance has not expanded to meet the growing need. The number of very low-income renter households making no more than 50% of the area median income grew by 4.4 million from 2001 to 2021. Still, the number of assisted households in this income range increased by 910,000. According to the report, this left 14 million income-eligible households without assistance in an increasingly unaffordable market. Of those not receiving aid, 8.5 million experienced worst-case housing needs, meaning they spent more than half of their income on housing and/or lived in severely inadequate housing. Additionally, 60% of unassisted households had worst-case needs in 2021, up from 47% in 2001.

5. The rental stock has significant investment needs. The rental stock is older than ever, with a median age of 44 years, up from 34 years two decades ago, heightening the need for substantial investments. As of 2021, nearly 4 million renter households live in substandard conditions, and many physically adequate units have significant repair needs, according to the report. The Federal Reserve Bank of Philadelphia estimated it would cost \$51.5 billion to address the repair needs of the occupied rental stock.

The rental stock also requires upgrades to reduce its contribution to climate change and improve its resil-



To read the report, visit https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf

iciency to environmental hazards. About half of renters making less than \$30,000 experienced energy insecurity in 2020, and extreme weather variability and rising temperatures will only increase home energy demand and renters' housing costs. The Inflation Reduction Act included about \$9 billion for household rebates, tax credits for approved upgrades, and \$1 billion to make the HUD-assisted stock more energy- and water-efficient. According to the blog post, additional federal resources are also needed to make resiliency improvements for the 18 million occupied rental units in areas with at least moderate annual economic losses from environmental hazards.

6. High-interest rates are dampening rental market activity. The high-interest rate environment over the last year has increased the cost of debt to acquire and build multifamily properties, according to the report. High treasury yields have also pushed up the cost of equity as apartment investors expect greater returns to compete with relatively low-risk treasuries. In this environment, deals are less profitable, depressing both multifamily lending and apartment transactions.

The report concluded that the swift slowdown in multifamily construction is the most concerning. Though starts climbed during the pandemic and remained among some of the highest levels in the last two decades through the first half of 2023, hitting a seasonally adjusted annual rate of 571,000 units in May, they have since dropped. By October, the number of starts was down 30% year over year. While a record-high number of units are currently under construction, continued market cooling and high-interest rates could lead to further declines in multifamily starts, creating future supply challenges. **NN**



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Residents Create a Colorful World

udging for the 2024 AHMA Art and Poster Contest has wrapped, and the winners will soon be notified they will appear in the 2025 NAHMA Drug-Free Kids Calendar. The underlying message for the annual competition is always a drug-free theme. However, the association incorporates a subtheme into the annual poster contest to encourage more avenues of expression. The subtheme for this year was Dig Into a New Day: Our World Is a Garden of Delight.

The first step to national recognition is for children, senior residents 55 years or older who live in a community of a NAHMA- or a local AHMA-member company, as well as residents with special needs who live in a permanent supportive housing community or Section 811 community of a NAHMA- or a local AHMA-member company to enter their local AHMA contests, where the entries are divided into the appropriate categories: five children's grade-based categories; plus, seniors and residents with special needs.

The AHMAs set the deadlines for their regional contests. The local AHMAs selected up to three winning posters for each category, which are then forwarded to NAHMA by the June 3 deadline.

A distinguished panel of judges selected the 13 national winning entries for inclusion in the 2025 calendar. One special entry is also chosen as the grand prizewinner, which will appear on the cover. Only children are eligible for the top prize.

In addition to appearing on the cover of the 2025 calendar, the national contest's grand prizewinner receives a \$2,500 educational scholarship and a trip to Washington, D.C., where the artist will be honored at a future NAHMA's Biannual Top Issues in Affordable Housing conference.

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

Furthermore, participants in the annual AHMA art contests who were not selected as national winners are eligible to be selected as Regional AHMA Art Contest Honorable Mentions. Those chosen for this distinction are featured in a special section of the NAHMA 2025 Drug-Free Kids Calendar and receive a \$100 scholarship check.

All art submitted to NAHMA becomes the association's property, and NAHMA has the right to use the art for publicity, publications, and advertisements.

The winners of each local contest also receive various prizes from their AHMA.

For complete rules or a list of past winners, visit <https://www.nahma.org/awards-contests/calendar-contest/entry-details/>.

The NAHMA 2025 Drug-Free Kids Calendar will go on sale in September. The calendar cost is \$5.50 and is a HUD and a USDA allowable project expense. **NN**

2024 Class of NAHMA Scholars Is an Impressive Group

FOLLOWING THE MAY 10 submission deadline for completed scholarship applications, the NAHMA Educational Foundation Scholarship Committee met in June to review the most applications received in the last seven years and select this year's NAHMA scholars. Over the 17-year history of the program, more than 690 different students have been selected to receive scholarships totaling more than \$2,975,000. In 2023, the foundation awarded 111 scholarships worth a total of \$388,500. Each 2024 scholarship is worth \$3,500 as the foundation continues its efforts to provide outstanding resident students who

are chosen with financially impactful awards.

This is the 18th consecutive year the NAHMA Educational Foundation has made scholarships available to resident students living at AHMA-affiliated apartment communities nationwide. This year, applications were received from 29 different states. Seventeen different AHMAs are represented in that total. NAHMA scholars attend various community colleges, universities, and trade/technical schools. The scholars are an academically high-functioning group of diverse students with varied backgrounds across a wide age range who are actively

involved in community service and campus activities.

"The NAHMA Educational Foundation is extremely proud that the number of applications from different states and AHMAs increased this year as a result of our efforts to 'cast a wider net.' And, thanks to the steadfast and unwavering support of our many donors and sponsors, we were able to provide each scholar with a \$3,500 award in 2024. The foundation's legacy is further enhanced by the fact that over the last five years, we have been able to make scholarships available to more than 90% of applicants submitting a completed application.

Additionally, more than 280 scholarship recipients have graduated from their respective programs while receiving NAHMA Educational Foundation scholarship funding," said Anthony Sandoval, chairperson of the NAHMA Educational Foundation, during a recent board meeting.

The entire roster of 2024 NAHMA scholars will be announced soon. This year's recipients list will be published in an upcoming edition of the NAHMA News. Please watch this space for the list of selected students from various apartment communities, management companies and AHMAs across America! **NN**

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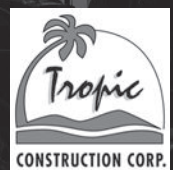
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NAHMA Looks To Honor Distinctive Communities

ffordable housing communities are invited to enter the 2024 Communities of Quality Awards competition and be among the property managers and owners who raise the bar for excellence in affordable housing management. The awards competition submission deadline to NAHMA is Nov. 7. The COQ Awards recognize outstanding property management companies providing the highest quality of safe, affordable multifamily rental housing in communities nationwide.

“Distinctive affordable multifamily housing is the hallmark of excellence in property management. Each year, NAHMA’s COQ Awards recognize the best in the industry,” said NAHMA CEO Kris Cook, CAE.

A property must first apply for and achieve national recognition as a NAHMA Community of Quality with a minimum score of 325 points on its National Recognition application to be eligible for the awards competition. The deadline for submitting a COQ National Recognition application to a local AHMA for consideration in the national program is Sept. 5.

If a property initially received less than 325 points when its COQ National Recognition application was first submitted,

it may elect to update the original application to earn more points if improvements have since been made. Detailed instructions for updating the initial COQ National Recognition application are included in the COQ Awards application brochure.

The COQ Awards competition has five categories:

- Exemplary Family Development
- Exemplary Development for the Elderly
- Exemplary Development for Residents with Special Needs
- Exemplary Development for Single Room Occupancy Housing
- Outstanding Turnaround of a Troubled Property

Properties that competed in a previous COQ Awards program but did not win are invited to reapply for the awards program; previous award winners are not eligible to reenter.

A management company can submit one entry for each of the five categories; however, each entry must be a different property. Award winners will be notified in early January 2025. They will receive their awards in a special ceremony and panel discussion at the NAHMA BIAN-

nual Top Issues in Affordable Housing Winter Conference, March 19-21, 2025, in Washington, D.C.

For additional information about the COQ Awards program or to download the application, visit <https://www.nahma.org/awards-contests/communities-of-quality/awards/>.

This year’s COQ Awards program is

sponsored by Navigate Affordable Housing Partners, a nonprofit engaged in affordable housing preservation, community revitalization, and consulting services centered around the affordable housing industry. Navigate’s government contracting division also provides compliance and monitoring services on behalf of HUD as the Section 8 PBCA for multiple states.

An overview of the COQ National Recognition program is available by visiting <https://www.nahma.org/awards-contests/communities-of-quality/national-recognition-program/>. The National COQ Recognition Program application was revised, making it easier to read, understand, and complete. The changes also make it more accessible for non-HUD properties to participate in the national recognition program.

The AHMAs will also honor their local NAHMA Communities of Quality program participants. Check the local AHMA’s program details; a directory of the AHMAs is available on the NAHMA website <http://www.nahma.org/membership/ahma-directory/>.

For more information about the COQ program and awards, contact Paulette Washington at 703-683-8630, ext. 6 or pwashington@nahma.org. **NN**



For additional information about the COQ Awards program or to download the application, visit <https://www.nahma.org/awards-contests/communities-of-quality/awards/>.

About the COQ Awards Sponsor

BASED IN BIRMINGHAM, ALA., NAVIGATE is a nonprofit engaged in affordable housing preservation, community revitalization, and consulting services centered around the affordable housing industry. Navigate’s government contracting division also provides compliance and monitoring services on behalf of HUD as the Section 8 PBCA for multiple states. Navigate’s core values—Service, Respect, Transparency, Quality, and Innovation—inform every aspect of their work and has earned them a reputation of being a trusted partner in the industry. For further information, visit NavigateHousing.com.

for
Certain Asset Management Preservation Transactions draft notice to the multifamily housing policy drafting table for feedback.

The notice summarized and clarified existing environmental reporting and review requirements for five common asset management preservation transactions:

Section 8(bb) transfers; Transfers of rental assistance with HUD-held or -insured debt and/or Use Restrictions (as authorized by Section 209); Section 8 renewals with Capital Repair Projects ("Chapter 15 Renewals"); Transfers of RAD PBRA Rental Assistance and Demolition; and New Construction of RAD PBRA Covered Projects.

The notice is intended to reduce the complexity and processing time for HUD staff and stakeholders for such transactions.

The notice also retired the usage of HEROS partner worksheets, requiring

stakeholders to enter submission requests directly into HEROS. This change will streamline the submission process, ensuring complete and correct submissions and allowing for quicker review by HUD staff. HUD will provide technical assistance to facilitate the transition for stakeholders, including transaction-specific guides and increased support on accessing and using HEROS.

The FY 2024 income limits for the following programs were published and effective May 1: Community Development Block Grant (CDBG), CDBG Disaster Recovery (CDBG-DR) and Neighborhood Stabilization Program (NSP).

The FY 2024 income limits for the following programs were published and effective June 1: Emergency Solutions Grants (ESG), Housing Opportunities for Persons With AIDS (HOPWA), HOME Investment Partnerships Program (HOME) and Housing Trust Fund (HTF).

The FY 2024 rent limits for the follow-

ing programs were published and effective June 1: HOME and HTF.

for New Construction of HUD- and U.S. Department of Agriculture (USDA) Financed Housing in the *Federal Register*. In response to public comments, HUD and USDA adopted a flexible compliance schedule, ranging from six months to two years (in some locations) after the effective date of the notice.

The Final Determination fulfills a statutory requirement under the Energy Independence and Security Act of 2007 (EISA) that requires HUD and USDA jointly to adopt the most recently published energy standards, subject to a cost-benefit housing "affordability and availability" test.

HUD last updated its energy standards in 2015 when it adopted the 2009 edition of the International Energy Conservation Code (IECC) and the 2007 edition of the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) 90.1.

The Final Determination updates minimum energy standards for newly built homes financed through the covered HUD and USDA programs to the most recent 2021 IECC for single-family/low-rise buildings and ASHRAE 90.1-2019 standards for multifamily buildings with four-plus stories.

New construction is the most cost-effective time to improve energy efficiency.

Programs impacted by the Final Determination include Federal Housing Administration (FHA)-insured single-family and multifamily programs; HOME Investment Partnerships Program (HOME); Housing Trust Fund (HTF); Section 202 and 811 Supportive Housing grants; Rental Assistance Demonstration (RAD) housing; Public Housing Capital Fund; Choice Neighborhoods; Project Based Vouchers; and USDA Section 502 direct or guaranteed lands and Section 523 grants.

Additional information and frequently asked questions on the Final Determination can be found on HUD.gov. **NN**

FAIR HOUSING ACT AND ARTIFICIAL INTELLIGENCE CONCERNS

Leveraging Hospitality Experience Into Affordable Housing Career

EVEN THOUGH STEVEN FRIEDMAN has been with the Westgate Management Company for nearly 30 years, he had no affordable housing management experience. His background was in hospitality, having earned a bachelor's degree in hotel management from the University of Nevada, Las Vegas.

"I was managing hotels and restaurants, but I wasn't managing apartments," Friedman said. "Going from the hotel/restaurant business to managing buildings was a logical step. I had experience managing people and guests. There was a lot of overlap."

Friedman found a professional mentor in Westgate Management's owner and president Michael Feit when he was hired in 1994.

"He taught me everything he knew about affordable housing. By the time

he passed away, I was running the day-to-day operations of the management company. It was logical for me to step into the role," Friedman said of being named president in 2015. Over the next two years, he was able to purchase the family business, which currently has 70 employees, and owns and manages about 2,000 units of mostly Section 8 housing in Pennsylvania.

Another person Friedman considers a mentor is his father, David, a real estate land-use attorney, saying David is the person he looked to for support and guidance.

Friedman earned his CPM from IREM in 2001, which he calls one of his proudest moments, professionally, especially since the ceremony was just two weeks after 9/11.

"It was supposed to be a happy occasion. I didn't have anyone directly affected by what happened, but it was like a pebble in the pond with all these ripples," he said. "It was a lot of work to get the CPM at the time. We had to write a business plan, and the business I selected was an affordable housing development. There were a lot of complex issues and moving parts. I always feel a sense of accomplishment."

Besides the challenges of running the management company, Friedman is in his third and final year as president of JAHMA. The association recently

wrapped up its Spring Management Event and annual Golf Outing, benefiting the JAHMA Foundation scholarship program. He credits the association's staff and fellow board members with its accomplishments. JAHMA has won the AHMA of the Year Award from NAHMA each year since 2020 and the Innovation Award twice over the same period.

"We have very good educational programs. I consider it to be a successful AHMA. I'd like to continue to grow the foundation and award more scholarships," Friedman said. "I really



enjoyed my term as president of JAHMA and the people I've worked with at JAHMA."

Even with his busy professional life, Friedman finds time to play golf, ride his bike or go for a jog. He goes snow skiing a couple of times a year, with Jackson Hole, Wyo., being his

favorite location.

He is married to his wife, Heath, and they have three grown daughters, Lily, 25; Julia, 23; and Louisa, 21. **NN**

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

Welcome New Members

AFFILIATES

Jim Palmisano, Iserv, Grand Rapids, MI

ASSOCIATES

Rosemary Lynch, Buckingham Property Management, Clovis, CA

EXECUTIVES

Chris Brown, California Commercial Investment Group CCI, Westlake Village, CA

Erin Devlin, California Commercial Investment Group CCI, Westlake Village, CA

Lisa Landis, California Commercial Investment Group CCI, Westlake Village, CA

Kimberly Quint*, The Schochet Companies, Braintree, MA

**Correction from the March/April NAHMA News.*

EDUCATION

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

Conquering HOME Compliance with Optional Certification Exam

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Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

Budgeting 101 for Multifamily Affordable Housing Projects

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Mid-Atlantic AHMA
804-564-7898
www.mid-atlantichama.org

Executive Series 3, Session 2: Investigating Instances of Insubordination

Webinar
AHMA-PSW
866-698-AHMA (2462)
www.ahma-psw.org

First-Year Files and Compliance for LIHTC Managers

Free Live Webinar
Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

Conducting Hazard Assessments

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NEAHMA
781-380-4344
www.neahma.org

Understanding the HUD Utility Allowance: Baseline & Factor-Based

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MAHMA
614-481-6949
<https://mahma.com>

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HOTMA Seminar

Houston, TX
AHMA East Texas
832-592-9191
www.ahmaet.org

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866-698-AHMA (2462)
www.ahma-psw.org

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<https://ahma-nch.org>

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www.neahma.org

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www.mid-atlantichama.org

Fair Housing

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MAHMA
614-481-6949
<https://mahma.com>

SWAHMA Fall Conference

Little Rock, AR
SWAHMA
210-822-5852
<https://swahma.org>

HOTMA Essentials: Ars & IRS for HUD Programs

Oregon AHMA
503-357-7140
www.oregonaffordablehousingmanagement.com

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Indianapolis, IN
MAHMA
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Amplifying Our Voices



PART OF NAHMA'S MISSION IS TO advocate on behalf of affordable housing providers, but NAHMA doesn't always do it alone. Our association often signs letters with other industry partners and belongs to some coalitions because there is strength in number.

NAHMA leverages these partnerships to amplify its members' voices while striving to meet common goals. NAHMA belongs to six primary groups: ACTION Campaign, Affordable Housing Tax Credit Coalition, Campaign for Housing and Community Development Funding, Housing Affordability Coalition, HOME Coalition and Rural Housing Preservation Working Group. Of course, NAHMA partners with others when our desired outcomes align.

Why is this important?

By joining with these partners, NAHMA can reach a larger audience and, most importantly, reach the people responsible for the legislation, funding and regulations that govern the affordable housing industry—namely members of Congress, HUD and USDA Rural Development.

By joining forces, when NAHMA issues a Grassroots Alert asking our members to reach out to their congressional members, the partner groups do the same. This will increase the number of people calling for action on items essential to the affordable housing industry. And when it comes to Congress, numbers matter.

An example of one of these coalitions at work is highlighted on Page 12 of this issue. The ACTION Coalition is a national, grassroots coalition of 2,400 national, state, and local organizations and businesses calling on Congress to protect, expand and strengthen the Low-Income Housing Tax Credit. NAHMA, along with our coalition partners, is asking members, to push for the Senate to take action on the stalled Tax Relief for American Families and Workers Act of 2024, which includes two provisions that expand the reach of the LIHTC.

Whether NAHMA advocates as part of a coalition or solo, we still need your help. Congress recesses for August, and many elected officials use that time to return to their districts and meet with constituents.

This congressional recess provides an opportunity to arrange an in-person meeting with your elected officials or someone from their staff. On-site advocacy actions, such as letter writing or social media campaigns, could be built into summer programming as a civics lesson for students or volunteer activism for adults. And these are just a couple of ideas for grassroots advocacy that can be undertaken this summer.

Whether you have experience advocating on Capitol Hill or barely have time to use social media, NAHMA's government affairs team can help. Plus, you can find easy-to-use tools, including frequently asked questions, best practices, tips for congressional visits, legislative priorities and talking points, and short how-to videos ranging from building relationships to strategies for influencing undecided lawmakers under the Grassroots Advocacy tab on the NAHMA website. **NN**

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