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Announcements

Carol Galante to Address AAHSA Members in February

AAHSA will hold its Future of Aging Services conference in February in Washington, DC and HUD Deputy Assistant Secretary for Multifamily Housing Carol Galante will address housing members on Monday, February 22 at 1:00 at the Marriott Wardman Hotel. Her appearance will follow soon after the Administration releases its 2011 budget. This is AAHSA's annual advocacy meeting where AAHSA members across the continuum of aging services make their voices heard on Capitol Hill about the policies and funding priorities that AAHSA members support to ensure that seniors receive the services they need, when they need them, in the place they call home. For housing members it is the time to advocate for funding and policies that ensure that seniors will have affordable homes that can serve as the platform for the delivery of those services. This year Donna Brazile, political strategist, pundit, and Washington insider will set the stage for AAHSA members' advocacy.

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The SHCM is offered by the National Affordable Housing Management Association (NAHMA) in association with the National Apartment Association (NAA) and the American Association of Homes and Services for the Aging (AAHSA).

The Specialist in Housing Credit Management® (SHCM®) certification has been developed by the National Affordable Housing Management Association (NAHMA) especially for management professionals involved with properties developed and operated under the Low Income Housing Tax Credit (LIHTC) program. The SHCM is designed by management professionals for management professionals to ensure they have attained the knowledge, experience and competence required to excel in the housing credit property management industry.

For more information on SHCM or to sponsor this newsletter, please contact:

National Affordable Housing Management Association (NAHMA)
 400 N. Columbus Street
 Suite 203
 Alexandria, VA 22314
brenda.moser@nahma.org

"Affordable Housing on Rise"

Association News

Hearing on S. 118, the 202 Housing Reform Bill, Signals Legislative Progress

Michelle Norris, senior vice president for development and acquisition at National Church Residences (NCR), and former president of NAHMA, testified on behalf of AAHSA at a late-October 2009 Senate hearing on the Section 202 Supportive Housing for the Elderly Act of 2009 (S. 118), a bill that would reform and improve the development and preservation of Section 202 housing. Norris pointed out that "never before in its 50 year history has the 202 program been as relevant as it is today." Norris noted that "housing like the 202 program coupled with home-based services is cheaper for the government and provides higher satisfaction for the resident." She went on to say that the legislation and the 202 program itself are "particularly relevant as the Senate debates health care reform."

Norris, joined by a panel of affordable housing advocates, told the Senate Banking Subcommittee on Housing, Transportation, and Community Development that the nation will need an additional 730,000 units of senior assisted housing by 2020. The U.S. Department of Housing and Urban Development (HUD) Section 202 program — despite being the most successful federal housing production program enacted by Congress — cannot keep pace, Norris said, particularly after years of stagnant funding.

Even with the prospect of a boost in Section 202 appropriations in fiscal 2010—possible increases range from \$20 million proposed by the Senate to \$235 million proposed by the House—Norris said, "the Joint Center on Housing indicates that we have lost two units of affordable housing for each one that we've built"—gone due to market conversions or demolished for other uses. "We are still losing ground," Norris told the lawmakers in attendance. Norris said NCR and AAHSA are pleased with S. 118's steps to streamline and improve the 202 development program, encourage the refinancing and preservation of 202 units, and reemphasize the provision of supportive services in 202 housing so seniors can age in place.

Also testifying about Section 202, as well as about a bill to reform the Section 811 program for affordable housing for people with disabilities, were Rep. Christopher Murphy (D-Conn.); Ann O'Hara, housing advisor, Consortium for Citizens with Disabilities Housing Task Force; Michael Jones, a parent from Brick, N.J.; Toby Halliday, vice president for Public Policy with the National Housing Trust; and Sheila Crowley, president and CEO, National Low Income Housing Coalition.

Crowley noted that nearly two-thirds of HUD's 1.1 million public housing units include senior citizens or people with disabilities. In addition, she said, "a third of the [HUD Housing Choice] voucher program's 2 million households and three quarters of the Section 8 project-based 1.3 million households include these populations." Asked by Sen. Kohl to name the biggest challenge to Section 202, Crowley cited the aging Section 202 housing stock in need of rehabilitation. "And this bill," she said, "does a great deal to help with that." Halliday seconded Crowley's concerns about the aging housing stock, but said many of the Section 202 owners are aging as well. He is "excited" that S. 118 will ease the ability to transfer or refinance properties so that new owners can take over to meet the changing needs of the elderly population and even allow residents to access new sources of rental assistance. Easing the refinancing and rehabilitation process will also mean improved ability to combine such refinancing with the low income housing tax credit program, once the tax credit market comes back.

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HUD Associate Deputy Assistant Secretary for Multifamily Housing Delivers Positive Message to AAHSA's Housing Members in Chicago

On Tuesday, Nov. 10, 2009, Janet Golrick, associate deputy assistant secretary for multifamily housing, addressed housing members at the Housing Policy Forum, held during the 2009 AAHSA Annual Meeting in Chicago.

Golrick talked about an exciting and progressive agenda for multifamily housing providers, noting steps the administration will be taking to encourage preservation of multifamily housing, including the transfer of Section 8 contracts. Golrick also

discussed a systematic review of housing management policies including REAC, 2530, MOR and others, as well as the rescission of the ARRA reporting requirements.

Also part of her discussion were funding for Section 8 and PRAC renewals, and the future efforts to encourage housing with services in senior housing in their management policies and in their 202 development policies.

Golrick's message seemed to usher in a new era of transparency and partnership as well as a new era of HUD listening to housing providers as stakeholders in the programs and policies of the agency.

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AAHSA Members Take Full Advantage of the Green Retrofit Program

Section 202 providers applied in record numbers for the \$250 million made available under the Economic Recovery Act's Green Energy Retrofit Program – and it paid off. Originally, HUD expected to accept into the program 202 applications totalling around 18% of the projects including Section 202, Section 811 and Section 8 projects. That percentage reflected the proportionate share of all the eligible projects. As of this date 42%, representing 34% of the total units, of the approximately 200 projects working on their final plans for use of the funds are Section 202 projects. That's 6500 Section 202 units out of around 19,700 units that will undergo green energy improvements. HUD's Office of Affordable Housing Preservation, which is administering the program, expects to spend an average of \$10,000 per unit for the improvements.

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Revised and Updated Fair Housing: A Guidebook for Owners and Managers of Apartments Now Available

NAHMA has announced the revised and updated Fair Housing: A Guidebook for Owners and Managers of Apartments is now available.

To help property management staff understand and comply with fair housing requirements, NAHMA has partnered with The Compass Group to provide a completely updated and authoritative Fair Housing Guidebook.

The book provides 21 chapters of valuable information, including an overview of fair housing laws and regulations, suggested policy approaches that will provide a firm foundation for each property's fair housing efforts, citations for landmark cases, plus a variety of appendices containing useful information that is sometimes not easy to find. Finally, the guidebook includes insights from expert owners and managers who have faced these issues and developed particularly effective approaches. It is also available in CD format.

"We believe the new Fair Housing Guidebook is an essential tool and reference that should be kept on hand at every multifamily property across the country. It is available at the affordable and special NAHMA member discount price of just \$40 per copy – which we believe will enable every property to purchase its own copy for hands-on staff use," said NAHMA President Daniel Murray, NAHP-e. For more details on ordering the Guidebook, please click on the link below.

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NAHMA Announces New Tax Credit Housing Management Publication

A new publication, A Practical Guide to Tax Credit Housing Management, is now available from NAHMA. The 74-page spiral-bound book is an informative yet easy-to-read primer on tax credit housing management.

The user-friendly guide will help you understand key concepts in the Low Income Housing Tax Credit (LIHTC) program, including Fractions and Credits, Eligible Basis, Qualified Basis, Minimum Set-Aside, Rules of Calculation of Income, Student Households, Amenities and Services, Non-Transient Occupancy, and more.

In addition, the book is designed as a reference guide for the Specialist in Housing Credit Management® (SHCM®) certification. The SHCM program is unprecedented as the only national certification program supported by three national trade associations and their members. Joining NAHMA in the strategic alliance are the National Apartment

Association Education Institute (NAAEI) and the American Association of Homes and Services for the Aging (AAHSA).

"As experienced affordable housing management professionals know, the tax credit program is the primary production tool for creating new affordable housing properties across every state in the country, and it is also the most important tool for rehabilitating and preserving the nation's existing stock of aging affordable housing," said NAHMA President Daniel Murray, NAHP-e. "To maximize their careers, management professionals in the affordable housing industry must be able to demonstrate their experience and expertise in mastering the complex requirements of the tax credit program." The publication can be ordered at NAHMA's webstore via the link below.

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Industry News

Affordable Housing Gets Treasury Boost

GlobeSt.com (10/20/09) Morphy, Erika

The Treasury Department has unveiled a temporary plan to provide additional funds to local and state housing finance agencies (HFAs) that are having a tough time stabilizing housing markets and providing support to local affordable housing programs. The initiative features a temporary credit and liquidity program for local housing agencies and a bond purchase program to support new lending. Treasury will buy securities issued by Fannie Mae and Freddie Mac that are backing the mortgage revenue bonds issued by the state HFAs. Officials say affordable multifamily housing development is part of the program, with the new bond issuance expected to support the construction of "tens of thousands" of new rental units.

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LIHTC Carryback Legislation Introduced

HousingOnline.com (11/18/09)

Representative Bill Pascrell (D-NJ) on Nov. 18 introduced legislation that would increase the carryback period for low-income housing tax credits (LIHTCs). The carryback proposal is seen as an avenue to bring more investment dollars into the LIHTC market. Investors and syndicators have argued that having the ability to carry back their housing credits for up to five years instead of one as currently provided would increase their chances of becoming investors or increasing their investment levels.

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More LIHTC Guidance Issued

Housing Finance (10/01/09) Jacobs, Barry G.

Additional guidance on the low-income housing tax credit (LIHTC) exchange program and Tax Credit Assistance Program (TCAP) has been issued by the Treasury Department and Department of Housing and Urban Development, with the former addressing one critical problem for credit swap participants by pushing back the disbursement deadline. The American Recovery and Reinvestment Act (ARRA), which established both programs, says all credit exchange dollars not allocated to subawards granted by Jan. 1, 2011, must be given back to the Treasury. In its original guidance on the program, Treasury required that all funds not distributed by that date be returned -- a provision criticized by program participants as unduly onerous and unnecessary. Treasury has also dropped from its frequently asked questions (FAQ) section the ban on the use of program money to purchase land for a development. Rather, the guidance now states that funds can be spent to cover project costs "to the same extent as equity raised" from tax credits.

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Time Running Out on Affordable Housing Near Transit

Affordable Housing Finance (11/09) Kimura, Donna

A new study by AARP, the National Housing Trust, and Reconnecting America found that more than 250,000 individuals and families live in affordable apartments within

one-half mile of public transportation in 20 major metropolitan areas. However, more than two-thirds of the federal subsidies that enable these units to be affordable will expire within the next five years, the study said. This means that once the contracts for the subsidies expire, property owners can convert the apartments to market-rate housing. Such apartments will also feel pressure due to a growing popularity in urban living and transit-oriented development. The study mapped the locations of subsidized apartments and transportation in America's top cities, finding that nearly 25 percent of all subsidized housing within a half-mile of transit, about 60,000 units, were developed through the Secs. 202 and 811 supportive-housing programs. Most of these units serve people ages 62 and above. The study shows that "families living near public transportation save an average of 16 percent on their household transportation costs," according to John Robert Smith, president and CEO of Reconnecting America. The report urges the federal government to fully fund the project-based Sec. 8 program and to offer sufficient funding for the Sec. 202 seniors housing program. In addition, the study recommends that state housing finance agencies allocate resources toward preserving affordable housing in transit-abundant neighborhoods.

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Giving and Taking Away

Affordable Housing Finance (10/09) Ascierio, Jerry

Freddie Mac is mulling the sale of its low-income housing tax credit (LIHTC) portfolio, triggering concerns across the affordable housing sector. The Affordable Housing Tax Credit Coalition and other industry groups have lobbied for placing restrictions on such a sale. This includes barring the sale to current investors or firms that have bought credits in the past decade. Thomas Booher, an executive vice president at PNC MultiFamily Capital, notes that the existing investor base is focusing on investors who have never invested in the asset class, which is what the rest of the syndicators are doing now. Freddie Mac's conservator, the Federal Housing Finance Agency (FHFA), must approve any sale and examine the potential impact of a sale on the market. As of August, no transaction had been approved, according to a FHFA representative. But, government-sponsored enterprises (GSEs) are technically publicly traded companies, and have a fiduciary obligation to maximize shareholder value. Monetizing the billions in tax credits they hold is mandatory for Freddie Mac, which is reporting unfunded forward commitments at around 8.5 percent, or 100 basis points better than what Fannie Mae offers.

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Goldman Looks to Buy Fannie Tax Credits

Wall Street Journal (11/02/09) P. C1; Paletta, Damian

Goldman Sachs Group is interested in buying millions of dollars in tax credits from Fannie Mae. It is offering to buy the low-income credits at a discount, which would enable the Wall Street firm to use them to offset some taxes on profits. Selling the credits would help Fannie Mae financially, but the Treasury Department is scrutinizing the plan because it could be viewed as a bad deal for taxpayers and due to the perception that the U.S. government continues to aid Goldman and Wall Street at the expense of homeowners and small business.

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Affordable Housing Gets a Boost

The Bulletin (11/15/2009) Borrud, Hillary

Thousands of Central Oregon residents who live close to the poverty line struggle to find affordable houses and apartments to rent. In its effort to maintain the existing affordable rental housing inventory and add new units, the state's housing agency announced Nov. 20 it awarded nearly \$3.9 million in grants, tax credits, and loans to builders in Central Oregon for affordable housing maintenance and construction jobs. Across the state, Oregon Housing and Community Services awarded to contractors more than \$70 million. The region is currently ill-equipped to handle the great demand for affordable housing, said Lisa Joyce, policy and communication director for Oregon Housing and Community Services, who added that two of the local projects were directed at maintaining existing affordable housing units. Figures from 2008 indicate that 9,189 low-income rental households in three counties in Central Oregon -- Crook, Deschutes, and Jefferson -- were rent-burdened, meaning the occupants were forced to spend more than 30 percent of their salaries on housing, according to Oregon Housing and Community Services.

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Ruling Jeopardizes Some Affordable Housing Laws

San Francisco Chronicle (11/27/09) Selna, Robert

The California Supreme Court refused to hear arguments in the Palmer/Sixth Street Properties vs. City of Los Angeles case regarding the city's ability to enforce affordable housing requirements on new developments. With more than 150 governments throughout the state with some form of affordable housing regulation in place and the city of Los Angeles unable to enforce regulations requiring developers to set aside a percentage of their units for low-income renters, other cities may find that developers will have legal ground to challenge other affordable housing rules. Developer Oz Erickson says, "It appears that as far as rental projects go, it is illegal for the city to require affordable housing. In the short term, there is nothing under construction, so it won't have an immediate impact, but in a normal market, it will be interesting to see if someone challenges the rules."

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Massachusetts Target Additional \$30.4 Million to Restart Housing Development

Govmonitor.com (11/25/09)

As part of the Massachusetts Recovery Plan to secure the state's economic future, Governor Deval Patrick has announced he will target an additional \$30.4 million in recovery funds from the U.S. Treasury Department's tax credit exchange program to revive five affordable housing developments stalled due to the lack of equity available in low-income housing tax credit markets. Developments in Haverhill, Mashpee, Springfield, and two in Boston will restart thanks to American Recovery and Reinvestment Act funds that will fill the projects' financing gaps created when tax credits could not leverage the equity needed to support construction costs. "We are working hard to identify and secure the resources that will further our ongoing recovery efforts, create jobs and strengthen communities," says Governor Patrick. "Affordable housing developments are essential facets of our public infrastructure and investing in them will pay dividends now and over the long term." Due to current tax credit market conditions, these Treasury Department recovery funds allow states to convert previously awarded tax credits into grants or low-interest deferred loans. The Department of Housing and Community Development implements the program in Massachusetts and awards funds competitively based on criteria reflecting whether projects were shovel ready for construction and secures in all other aspects of project financing and permitting. All awardees must now close within 120 days and start construction within another 45 days. "This latest round of U.S. Treasury tax credit exchange recovery funds, coupled with the recent release of \$50.3 million in awards from that same program, along with more than \$45.5 million in low-income housing tax credit assistance that we also awarded last summer from the U.S. Department of Housing and Urban Development, has helped us to get some important housing developments back on track while also creating new jobs and affordable housing opportunities for families on all income levels," says Housing and Community Development Undersecretary Tina Brooks.

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Lenders Scramble for Ways to Fund Affordable Housing Loans

National Mortgage News (11/09/09) Vol. 34, No. 8, P. 13; Dymi, Amilda

Amid limited financing resources, some large banks are using federal tax credits, grants and other tools to fund affordable housing development. Earlier in 2009, for example, the nonprofit National Equity Fund (NEF) closed on a \$76 million investment fund to support affordable housing financed with federal LIHTCs. The investor fund included capital from JPMorgan Chase, U.S. Bank, and Wells Fargo, and the project is anticipated to develop 1,000 units of affordable housing and create an estimated 1,900 jobs in Arizona, California, Illinois, Iowa, Missouri, New Mexico, New York, Oregon, Texas, and Wisconsin. Joe Hagan, NEF's president and CEO, observed that even though the economy is affecting the LIHTC market, "we are making significant progress with both new and traditional investors and expect to have a solid year, in spite of the ongoing challenges." Meanwhile, the TD Charitable Foundation recently conducted its annual "Housing for Everyone" grant competition, allowing 56 winners to receive up to \$2 million in grants to support affordable housing initiatives. The competition is currently in its fifth year, and attracted 500 housing nonprofits to compete for grants ranging from \$10,000 to \$100,000.

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CTCAC Unveils Proposed LIHTC Changes

Apartment Finance Today (12/09) Kimura, Donna

The California Tax Credit Allocation Committee has proposed increasing housing goal percentages for special-needs and single-room occupancy housing types up to 15 percent each. The committee has also proposed amending the final tiebreaker to combine the ratios of requested unadjusted eligible basis to total development costs, as well as committed permanent public funding to total development costs. The exceptions of land costs and developer fee in the total development cost figure would be eliminated. The proposed changes can be found at <http://www.treasurer.ca.gov/CTCAC>.

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Affordable Housing on Rise

Philadelphia Bulletin (10/23/09) Kostelni, Natalie

Philadelphia's affordable housing market has shifted into a higher gear, with more than 800 new units in the pipeline -- 300 of them already headed for construction. Even though the residential property downturn and a tax incentive for first-time home buyers have made it possible for more people to buy a home for less, widespread job losses, foreclosures, and other financial setbacks have increased the demand for affordable housing. At the same time, the U.S. government has stepped in with stimulus funding in a bid to shore up the national economy. "There's a combination of greater interest at the federal level for funding affordable housing and community development along with the Recovery Act," notes Philadelphia Office of Housing and Community Development spokesperson Paul Chrystie, "and those things combined have caused an uptick." Developers have long applied to the state for federal housing tax credits to help bankroll a project. In a typical arrangement, the developer would sell the credits -- usually for 95 to 97 cents on the dollar -- to businesses that would in turn use them to offset tax liabilities. Because of recession, however, companies no longer are looking to shelter income. As a result, the federal government and states have adopted a new approach -- under which, for example, Pennsylvania returns the tax credits to the Treasury on behalf of the developer and the U.S. government gives about 85 cents on the dollar to the developer to use as equity for project development.

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