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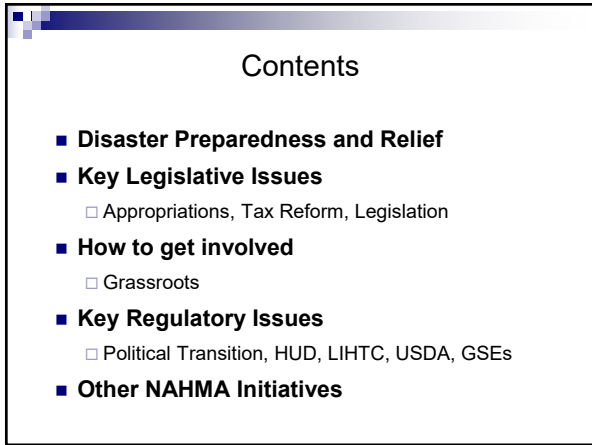
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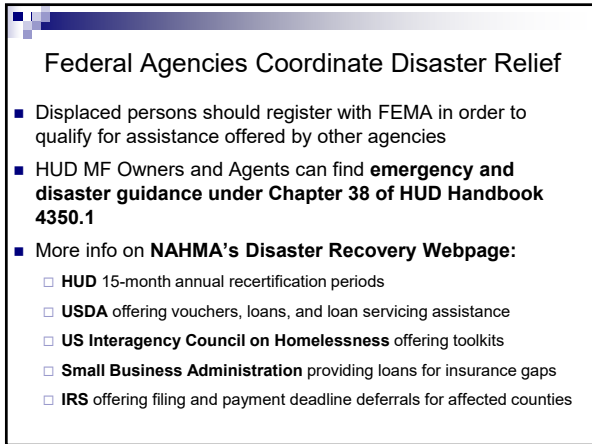
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### Disaster Recovery Funding

- **February 2018: HUD allocated \$7.89 billion in CDBG-DR funds**
  - Appropriated by Congress through supplemental spending bill in 2017
  - Grantees to primarily use for unmet housing recovery needs
- **Early 2018: Congress enacted further emergency supplemental funding for hurricane and wildfire relief efforts**
  - \$84.3 billion – largest stand-alone appropriated disaster relief
  - Includes \$23.5 billion for FEMA’s Disaster Relief Fund
  - Includes \$28 billion for CDBG program, awarded by HUD in April 2018
    - \$12 billion to address unmet housing needs from 2017 disasters (Includes electrical grid funding for PR and U.S. Virgin Islands)
    - \$16 billion to support mitigation activities, including to protect from future damage
- **April 2018: USDA announced Sec 515 Disaster Recovery Funds**
  - Direct Loans to rehabilitate rental housing damaged by 2017 hurricanes
  - Projects that were not required to carry National Flood Insurance, or where insurance proceeds were insufficient

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**KEY LEGISLATIVE ISSUES:**  
Budget and Appropriations –  
FY 2018 and FY 2019

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### Fiscal Year 2018 Appropriations

- In early Feb. 2018, Congress reached an overall spending deal
  - **Government spending caps increased by \$300 billion for FY18 - FY19**
  - Increases both Defense (over \$80b) and Non-Defense discretionary (over \$60b) funding in each fiscal year
  - Suspends the limit on federal borrowing through March 1, 2019 (debt ceiling)
- In March 2018, Congress approved an omnibus for FY18
  - Full-year funding enacted following series of short-term CRs and temporary government shutdowns
  - Both chambers rejected the President’s FY18 budget cuts and rent reforms
  - **Significant increases to most HUD and USDA affordable housing and community development programs**
  - **NAHMA** analysis available online

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## FY 2018 Appropriations – LIHTC & HUD

- **Key provisions to strengthen the LIHTC program**
  - 12.5% expansion for 4 years; Congress can extend beyond 4 years
  - Permanent authorization of income-averaging: 60% AMI for average of project
- **Rental Assistance Demonstration (RAD)**
  - Unit cap more than doubled (455,000)
  - Sunset date extended to 2024
  - Allows RAD for PRAC
- **Physical Inspections - language maintained from FY17 / Rubio Bill**
  - 15-day period for owners to correct deficiencies
  - Allows HUD to take certain actions (replace management agent; transfer property; relocate tenants; impose monetary penalties; change contract)
  - Requires HUD to report quarterly to Congress on properties receiving deficient scores, improvement plans, and tenant protection plans

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## FY 2018 Appropriations – HUD

Housing and Urban Development Fiscal Year 2018 Appropriations Act (\$ in millions)			
HUD Affordable Housing and Community Development Programs	FY17 Enacted	FY18 Enacted	Percent Change
Tenant-Based Rental Assistance	20,292	22,015	+8%
Contract Renewals	18,355	19,600	+6%
Project-Based Rental Assistance	10,622	11,515	+8%
Housing for the Elderly (Section 202)	502	678	+35%
Capital Advance	10	105	+950%
Service Coordinators	75	90	+20%
Supportive Housing for Persons with Disabilities (Section 811)	146	230	+57%
Capital Advance		83	New funding
Community Development Fund	3,000	3,365	+12%
HOME	950	1,362	+43%

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## FY 2018 Appropriations – USDA

USDA – Rural Development Fiscal Year 2018 Appropriations Act (\$ in millions)			
RHS Programs	FY17 Enacted	FY18 Enacted	Percent Change
Section 521 Rental Assistance	1,405	1,345	-4%
Section 515 Rental Housing Direct Loans	35	40	+14%
Multifamily Revitalization	41	47	+14%
Preservation Demonstration	22	22	No Change
Section 542 Rural Housing Vouchers	19	25	+31%
Section 538 Loan Guarantee	230	230	No Change

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## FY18 Appropriations – Rescissions

- In early May 2018, at the request of the White House, Republicans introduced “Spending Cuts to Expired and Unnecessary Programs Act (H.R. 3)” to rescind \$15.4 billion in budget authority
  - \$151 million from FY 2018 GSE’s Capital Magnet Fund
  - \$41 million from HUD’s Public Housing Capital Fund
  - \$40 million from RHS Section 521 Rural Rental Assistance Program
  - Significant rescission from CHIP
  - **House approved the proposal; Senate narrowly rejected rescissions**
  - White House has said it’s working on another rescission bill to eliminate the budget authority passed in the FY 18 omnibus bill

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## FY 2019 Budget – President’s Request

- February 2018: President submitted FY19 Budget Request
  - **Proposes 18% cut to HUD over FY17 enacted levels**
    - Proposes to eliminate Public Housing Capital Fund, HOME, CDBG, HTF, Choice Neighborhoods
    - Proposes removing RAD cap & sunset date; requests \$100 million to facilitate RAD for PRAC conversions
    - Proposes legislative reforms, ***Making Affordable Housing Work Act***, to encourage self-sufficiency for “work-abled bodies”; Establishes EnVision Centers for a Holistic Approach for to Self-Sufficiency
  - **Proposes 16% cut to USDA over FY17 enacted levels**
    - Eliminates 515 Rural Rental Housing and Multifamily Revitalization

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## FY 2019 Budget – President’s Request

- ***Making Affordable Housing Work Act* proposes rent reform provisions for HCV, PBRA, and PH:**
  - **Rent Calculations and Minimum Rents:**
    - Increases tenant rent contribution to 35% of gross income (not adjusted by deductions)
    - For Elderly and Disabled households, increases rent to 30% of gross income
    - Sets minimum rent at approx. \$150/mo or higher
    - For Elderly and Disabled Households, sets min. rent at \$50/mo or higher for new residents (phase-in for existing tenants);
  - **Family Income Reviews:**
    - Reduces family income reviews to triennial; prohibits interim reexaminations that result in higher rents
  - **Alternative Rent Structures:**
    - Allows for the creation of alternative rent structures (tiered or stepped rents, etc.)
  - **Work Requirements:**
    - Allows PHAs/Owners to impose work requirements
  - **Proposal requires congressional approval; NAHMA analysis is online**

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## Fiscal Year 2019 Appropriations

- August 2018: Senate has approved funding legislation; House has approved bills at the Committee-level
  - Reject President's proposed cuts, eliminations, and rent reforms
  - Maintain increases from FY2018, modest increases for FY19
  - Congress says funding is adequate for all renewals
  - Senate numbers higher than House
- Next steps: Pass bills in House; reconcile differences
  - Veto threat a possibility
- Notable items
  - Funding for voucher mobility demonstration in House version
  - More new construction funding for 202 program
  - Senate approved amendments on rural housing preservation; protecting victims of sexual assault and domestic violence; lead-based paint removal; and prohibiting housing assistance for people convicted of certain crimes

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## FY 2019 Appropriations – HUD

Housing and Urban Development Fiscal Year 2019 Appropriations Act (\$ in millions)				
HUD Affordable Housing and Community Development Programs	FY18 Enacted	FY19 President's Proposed Budget	FY19 House Proposed	FY19 Senate Proposed
Tenant-Based Rental Assistance	22,015	20,550	22,477	22,781
<i>Contract Renewals</i>	<i>19,600</i>	<i>18,749</i>	<i>20,107</i>	<i>20,520</i>
Project-Based Rental Assistance	11,515	11,147	11,747	11,747
Housing for the Elderly (Section 202)	678	601	632	678
<i>Capital Advance</i>	<i>105</i>	<i>0</i>	<i>0</i>	<i>51</i>
<i>Service Coordinators</i>	<i>90</i>	<i>90</i>	<i>90</i>	<i>90</i>
<i>Home Modifications – Aging in Place</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10</i>
Supportive Housing for Persons with Disabilities (Section 811)	230	140	154	154
<i>Capital Advance</i>	<i>83</i>	<i>0</i>	<i>0</i>	<i>0</i>
Community Development Fund	3,365	0	3,365	3,365
HOME	1,362	0	1,200	1,362

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## FY 2019 Appropriations – USDA

USDA – Rural Development Fiscal Year 2019 Appropriations Act (\$ in millions)				
RHS Programs	FY18 Enacted	FY19 President's Proposed Budget	FY19 House Proposed	FY19 Senate Proposed
Section 521 Rental Assistance	1,345	1,331	1,331	1,331
Section 515 Rental Housing Direct Loans	40	0	40	40
Multifamily Revitalization	47	0	53	50
Preservation Demonstration	22	0	25	24
Section 542 Rural Housing Vouchers	25	20 (moved to RA account)	28	26
Section 538 Loan Guarantee	230	250	230	230

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## KEY LEGISLATIVE ISSUES:

LIHTC and Tax Reform

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## Tax Reform in the 115<sup>th</sup> Congress

- In December 2017, Congress passed the “Tax Cuts and Jobs Act”
  - Retains the Housing Credit with no modifications
  - Retains tax-preferred status of private activity bonds (PABs), including multifamily Housing Bonds, which triggers the critical 4% credit rate
  - Lowers top corporate tax rate from 35% to 21%, effective January 1, 2018, which we expect to reduce Housing Credit value
  - Creates a base erosion and anti-abuse tax (BEAT), which would make Housing Credit investment less attractive to certain investors with foreign operations (however, final bill exempts 80% of the value of the Housing Credit from the BEAT, which could mitigate the impact)

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## Tax Reform in the 115<sup>th</sup> Congress

- Includes the Investing in Opportunity Act, introduced by Senators Scott (R-SC) and Booker (D-NJ) and Rep Kind (D-WI), and former Rep Tiberi (R-OH) on 2/2/17
  - Incentivizes investments in low-income areas defined by state governors as “Opportunity Zones;”
  - Temporarily defers recognition of capital gains that are reinvested in the zones;
  - Modestly reduces or exempts capital gains made available to long-term investments;
  - IRS provided guidance on process for nominating Opportunity Zones in early February 2018; all states and territories have opted-in and selected their zones (8700+)
- NAHMA analysis forthcoming

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## Tax Reform in the 115<sup>th</sup> Congress

- NAHMA members were actively involved in grassroots efforts to protect the Housing Credit in final tax reform legislation
  - "Tax Cuts and Jobs Act" was seen as harmful to the LIHTC
    - Threatened tax-preferred status of PABs (incl. MFH Bonds)
    - Value of credits expected to be reduced by lowered corporate tax rate
  - Major missed opportunity to strengthen the Housing Credit:
    - Provisions to change the LIHTC's general public use requirement and basis boost rules were included in the Senate committee version of the bill, but were later removed from the final bill
  - Fannie Mae and Freddie Mac's limited reentry into housing credit market as equity investors could offset some of tax reform's damage

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## Affordable Housing Credit Improvement Act

- On 3/7/17, Senators Cantwell (D-WA) and Hatch (R-UT), Representative Neal (D-MA), and former Representative Tiberi (R-OH) re-introduced versions of a bill that would:
  - **Increase LIHTC authority by 50% over five years (Senate only) (12.5% expansion for 4 years authorized by FY18 Appropriations)**
  - Provide an **income-averaging option** for households earning up to 80% of AMI, if the average income limit within the property is 60% of AMI or less, allowing LIHTC developments to accommodate more extremely-low income units (**authorized by FY18 Appropriations**)
  - Set a **minimum 4% rate** for both acquisition credits and for housing bond-financed credit properties
  - With Rep. Tiberi's resignation in Jan 2018, House replaced key sponsor with Representative Curbelo (R-FL)

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## Affordable Housing Credit Improvement Act

- S. 548 / H.R. 1661 also provide:
  - Purchase option for non-profit or government sponsor to buy properties after the 15-year compliance period expires
  - New incentives to target homeless or extremely low income with a 50% credit boost
  - Opportunity to claim energy credits such as the Energy Efficient New Homes Credit (Senate bill differs from House)
  - Standardization of income limit rules for rural projects
  - Alignment of LIHTC student limits more closely with the HUD student rule
- NAHMA continues to strongly support the bills; Senate Finance Committee held hearing, **America's Affordable Housing Crisis: Challenges and Solutions**, in early August 2017
- Two key provisions enacted as part of the FY18 Appropriations omnibus

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## Community Reinvestment Act (CRA)

- **April 2018: Department of Treasury released recommendations to “modernize” the CRA**
- Recommendations issued to the Comptroller, the Federal Reserve Board, and the FDIC
- Includes changes to the program’s administrative framework, expansion of eligible activities, and more specific criteria for eligibility and ratings:
  - Update definitions of geographic assessment areas to reflect “changing nature of banking”
  - Increase clarity and flexibility of CRA examinations to increase transparency and effectiveness of ratings
  - Improve examinations process to increase timeliness of evals and increase accountability for banks
  - Incorporate performance incentives to better serve CRA intended purpose; incentivize bankers to do more for low- and moderate-income communities
  - Does not recommend expansion to cover Credit Unions / non-bank institutions

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## GAO Reports on LIHTC

- On 7/23/15, the Government Accountability Office (GAO) issued a report on **IRS oversight of LIHTC**
  - Critical of the IRS oversight of the 56 state housing finance agencies (HFAs); recommended joint HUD-IRS oversight
- On 6/8/16, the GAO issued a second report on **state agency practices of concern**
  - Oversight of allocating agencies continues to be minimal, particularly in reviewing QAPs; more than half of the qualified allocation plans analyzed did not explicitly mention all criteria and preferences that are required
- On 3/1/17, a third GAO report issued on the **role of syndicators** in LIHTC
  - GAO made no recommendations in the report
- **Another GAO is expected in late 2018 on LIHTC development costs**

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## KEY LEGISLATIVE ISSUES:

Implementation of Recently Passed Laws

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## FAST Act Housing Amendments

- The Fixing America's Surface Transportation (FAST) Act
  - Major transportation bill that includes an amendment with affordable housing initiatives
  - **Interim Final Rule took effect March 12, 2018**
  - **FAQs available from HUD**
  - Regulatory flexibilities and housing initiatives
  - NAHMA submitted comments to HUD in January 2018

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## FAST Act Housing Amendments

- **Triennial Recertification:** Allows owners to conduct full income recertification for families with 90% or more of their income from fixed income every 3 years, instead of annually
  - 90%+ fixed income – family certifies that 90% of their unadjusted income is fixed and income sources have not changed
  - Non-fixed income – owners don't have to adjust non-fixed income at years 2 and 3, but they may if they want to
- **Utility Reimbursements:** Allows owners to make reimbursements of \$45 or less (per quarter) on a quarterly basis; must also have a hardship policy in place
  - For Section 202 and 811 programs, HUD not including regulatory language, but would rather be open to amending the assistance contracts of owners looking to take advantage of the flexibilities

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## FAST Act Housing Amendments

- **Family Declaration of Assets:** For families with net assets  $\leq$ \$5,000, owners at recert do not need to take additional steps to verify
  - Interest earned on assets  $\leq$ \$5,000 is minimal, results in small changes to tenant rent obligation
  - Third-party verification of family assets required every 3 years
  - Also applies to owners in the Section 202 and 811 programs
- **Energy Retrofit Demonstrations:** HUD may enter into budget-neutral, performance-based energy and water conservation contracts
  - Up to 20,000 units may participate; protocol includes:
    - Establishment of a weather-normalized and occupancy-normalized utility consumption baseline established pre-retrofit;
    - Annual third-party confirmation of actual utility consumption and cost;
    - Annual third-party validation of tenant utility allowances and vacancy rates

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## Housing Opportunity through Modernization Act (HOTMA)

- July 2016: Signed into law by President Obama
  - Streamlines physical inspection protocols and income reviews
  - Increases the maximum contract term for project-based vouchers from 15-20 yrs
  - Authorizes HUD to collect utility data
- Oct. 2016: FR Notice outlined implementation strategy
  - Section 102 – changes in income and income review requirements
  - Section 104 – limitations on resident assets
- Oct. 2017: HUD published partial HOTMA guidance for PHAs
- July 2018: **Further guidance currently underway at HUD**
  - Expected in Fall 2018 to take effect 2019; delayed due to regulatory relief / rent reform efforts

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## Family Self-Sufficiency Program

- **May 2018: Family Self-Sufficiency Act enacted**
  - Consolidates FSS program (currently divided between HCV/PHAs)
  - Clarifies FSS access to PBRA tenants
  - Broadens services to various levels of training, education, housing
- Part of larger overhaul of 2010 Dodd-Frank Act
  - **Rolls back mortgage regulations**
    - Allows institutions with <\$10 billion in assets to waive ability-to-repay requirements for certain residential mortgages
    - Loosens mortgage-lending requirements related to appraisals, data, employments, transaction waiting periods, etc.
    - Increases credit reporting requirements
  - **Includes Small PHA deregulation for rural areas**

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**KEY LEGISLATIVE ISSUES:**  
Other Current and Pending Legislation

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## Promoting Resident Opportunity Through Rent Reform Act

- Draft legislation sponsored by Rep. Dennis Ross (R-FL) for PHAs and HCV
- Separate from HUD's administrative rent reform proposal
  - Provides PHAs the ability to establish alternative rent models (for non-elderly/disabled households), including tiered rents, stepped rents, or "PHA-designed Rent"
  - Allows PHAs to turn up to 40% of voucher assistance into a shallow subsidy equal to 20-40% of VPS
- House Financial Services Committee held hearing on the bill in late April 2018

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## Task Force on the Impact of the Affordable Housing Crisis Act

- Bipartisan bill introduced in Senate July 2018
- Task force with bipartisan leadership to better understand and respond to America's affordable housing crisis:
  - Evaluate, quantify impact of lack of affordable housing on other areas of life/life outcomes (education, employment, income, health, nutrition, access to transportation, poverty)
  - Quantify costs incurred by other federal, state, and local programs due to lack of affordable housing
  - Make recommendations to Congress on how to use affordable housing to improve effectiveness of other federal programs and improve life outcomes

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## Housing Accountability Act of 2017

- FL Senators and Reps reintroduced bills in response to 2016 scandal
  - Requires HUD, through PBCAs, to survey tenants biannually; sets penalties for property owners who repeatedly "fail" tenant surveys; requires HUD to report on capital reserves
  - **NAHMA strongly opposes this bill**

## HUD Inspection Process and Enforcement Reform Act of 2017

- Reintroduced by Senator Rubio (R-FL)
  - Shortens time for owners to respond to violations
  - REAC inspection process would be audited and reported to Congress
  - HUD would be required to take action on troubled properties
  - **Some provisions included in FY17 & FY18 Appropriations omnibus**

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## Rural Housing Preservation Act

- Bill to preserve rural affordable housing portfolio
- Re-introduced by Senators Shaheen (D-NH) and Smith (D-MN) and Reps Kuster (D-NH), Shea-Porter (D-NH), and Nolan (D-MN)
  - Provides rural housing vouchers to residents who live in properties with prepaid or maturing mortgages
  - Ensures flexibility of voucher values for higher cost areas
  - Decouples rental assistance from mortgage term, allowing USDA to renew rental assistance regardless of length of mortgage
  - Makes it easier for non-profit entities to acquire Section 515 properties
  - Permanently authorizes the Multifamily Preservation and Revitalization Restructuring Program

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## 21<sup>st</sup> Flood Reform Act

- In June 2017, the **House advanced a package of bills** to reform and reauthorize the National Flood Insurance Program
- **Seven separate bills from both parties:**
  - Increase claims coverage costs
  - Allow FEMA discretion to invest insurance money before disaster
  - Require communities to take flood-risk mitigation action
  - Establish monthly payments for premiums under new fee structure
  - Update national flood-mapping
  - Reduce insurance-related regulations on commercial properties
- Senate has yet to pass bills; **NFIP temporarily extended through November 2018** while lawmakers further debate reforms

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## Disaster Housing Assistance Act

- Introduced by Senator Nelson in May, 2018 in response to continued need for housing disaster recovery assistance following 2017 disasters
- Calls for FEMA and HUD to enter into agreements for a temporary program to provide long-term rental assistance to eligible families (DHAP)

### Disaster Displacement Act of 2017

- Introduced by Senator Nelson on 11/2/17 in response to devastation from hurricanes and wildfires this year
  - Provides additional funding to HCV to help low-income evacuees access rental housing from the private market at 30% of adjusted income

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**Housing Choice Voucher Mobility Demonstration Act**

- Set-asides for Mobility Demonstration program; funding included in FY19 pending THUD legislation; bill passed House in July 2018

**Transitional Housing for Recovery in Viable Environments (THRIVE) Demonstration Program Act**

- Set-asides for supportive housing for substance abuse recovery; passed the House in June 2018

**Fostering Stable Housing Opportunities Act**

- Preference across all rental assistance programs for youth aging out of foster care; advanced in House Comm. July '18

**Affordable Housing Protection Act**

- Would require HUD to establish pass-through leases for displaced residents to be re-housed following emergency

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**Lead-Safe Housing for Kids Act of 2017**

- Introduced by bipartisan group of Senators to protect children from lead
  - Requires HUD to adopt prevention measures and update lead regulations;
  - Requires HUD to align requirements with the agency's rule on lead-safe housing finalized in 2017;
  - Prohibits the use of visual assessments for low-income housing constructions prior to 1978; requires risk assessments to identify lead hazards before move-in, and provides a process for families to relocate on emergency basis

**Affordable Housing for Educational Achievement Demonstration (AHEAD) Act**

- Introduced by Senator Murray (D-WA) on 10/5/17 to keep students permanently housed to improve school attendance, reduce learning loss
  - Encourages housing authorities, school districts, and community partners to coordinate educational and housing outcomes for homeless children

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**Rent Relief / Renter Tax Credit Bills**

- Sen. Kamala Harris (D-CA) introduced the Rent Relief Act of 2018 in July, aimed at relieving rent burden:
  - Provides renters with a refundable credit against their federal tax liability for the rent and utilities they pay in excess of 30 percent of their gross annual income.
  - Households earning \$25,000 or less would receive a dollar for dollar tax credit. The credit would be available to households earning up to \$100,000 (\$125,000 in high cost areas) based on a tiered system in which the credit would be phased out based on income level. The total tax credit a household could receive would be limited to rent paid up to 150 percent of the fair market rent for the applicable area. The bill would also make households living in government-subsidized housing eligible to receive an annual tax credit equal to the value of the tenant-paid portion of one month's rent for the household.

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**Rent Relief / Renter Tax Credit Bills**

- Sen. Cory Booker (D-NJ) introduced the Housing, Opportunity, Mobility and Equity Act of 2018 in August:
  - Establishes new Consolidated Plan (Con Plan) requirements, enacts a refundable tax credit for renter households, and sets up an optional savings program for renters that receive the renters credit established by the bill:
    - Requires state and local Con Plans to include a strategies for creating affordable housing
    - Provides a refundable tax credit to renters on rent paid in excess of 30 percent of their income up to a limit of no more than the fair market rent; does not set an explicit income eligibility limit for claiming the credit.
    - Establishes a "Rainy Day Savings Program" allowing renters receiving the credit to defer up to 20 percent into a fund to be invested in United States Treasury bills for up to 180 days

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**Homelessness Legislation**

- **Housing for Homeless Students Act**
  - On 2/16/17, Sens. Franken (D-MN) and Portman (R-OH) and Reps. Ellison (D-MN) and Paulsen (R-MN) reintroduced a bill to amend LIHTC to qualify units for children, youth, and veterans who are full-time students and have been homeless
- **Homeless Children and Youth Act**
  - On 3/13/17, Sens. Feinstein (D-CA) and Portman (R-OH) and Reps. Stivers (R-OH) and Loebsack (D-IA) reintroduced a bill to align HUD's definition of homelessness with that of other federal homelessness assistance programs. Advanced through Committee in July 2018

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**Public Housing Tenant Protection and Reinvestment Act**

- Introduced by Ranking Member Waters (D-CA) on 6/29/17
  - Authorizes full funding for public housing, plus additional funding to address the backlog of capital needs; provides loan guarantee for PHAs to attract outside investment in units; authorizes grant program that focuses on revitalizing the most distressed public housing units; requires one-for-one replacement in cases where public housing units are demolished or sold; and increases tenant protections

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**Energy Savings and Industrial Competitiveness Act**

- On 2/15/17, Sens. Shaheen (D-NH) and Portman (R-OH) and Reps. McKinley (R-WV) and Welch (D-VT) reintroduced a bill that would:
  - Establish a demonstration program under HUD for energy or water cost reductions in up to 20,000 multifamily units
  - **Passed through Committee in May 2017 and placed on floor calendar**

**Generational Residences and Nurturing Dwellings or GRAND Act**

- On 2/28/17, Representative Serrano (D-NY) introduced a bill that would:
  - Establish an assistance program for up to five eligible non-profit organizations for the purpose of expanding the supply of specialized housing and social services for elderly relatives who are raising a child who is a minor

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**Native American Housing Legislation**

- Tribal HUD-VASH Act
  - On June 12, 2017, a group of bipartisan Senators introduced S. 1333 to authorize a joint tribal housing initiative between HUD and the VASH program and foster collaboration between HUD, VA, and the Indian Health Service (IHS) in implementing housing initiatives. **Passed by the Senate in May 2018.**
- Building Useful Initiatives for Indian Land Development (BUILD)
  - On 6/13/17, Sen. Hoeven (R-ND) introduced S. 1275 to empower tribes to address homeless and housing instabilities on reservations by streamlining the federal process for developing affordable housing on Native lands and giving more control over developments to the tribes. Also reauthorizes NAHASDA.
- Native American Housing Assistance and Self-Determination Reauthorization Act (NAHASDA) of 2017
  - On 9/28/17, group of bipartisan Sens and Reps introduced S1895/HR3864 to reauthorize NAHASDA after its expiration in 2013.

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**KEY LEGISLATIVE ISSUES:**  
Looking Ahead

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## “A Better Way: Poverty, Opportunity, and Upward Mobility”

- On 6/7/16, House Speaker Paul Ryan and a Republican Task Force released an **anti-poverty agenda**, including housing recommendations:
  - Require housing to align with TANF benefits
  - Create individual choice in housing assistance
  - Reduce duplication and overlap across programs
  - Reform tax code and federal assistance programs with a pro-growth emphasis
- Rent reform and work requirement legislation underway

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## “A Better Deal: Better Jobs, Better Wages, Better Future”

- In April 2018, House Democrats announced a reinvestment strategy, including public housing and infrastructure funding:
  - \$70 billion investment in public housing stock over 5 yrs
    - \$6 billion/year for maintenance backlogs
    - \$9 billion/year for ongoing maintenance and operations
    - Funding for lead and mold hazards, energy efficiency, accessibility
    - Increased tenant protections
  - Connecting residents with job training, after-school programs, community services, and broadband
  - \$2 billion annual investment in Choice Neighborhoods program

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## Infrastructure Investment

- February 2018: Administration released “Legislative Outline for Rebuilding Infrastructure in America”:
  - Federal government would spend \$200 billion to spur state, local and private investments
  - Goal to achieve over \$1.3 trillion in investments for roads, bridges, airports, water systems and rural infrastructure, etc.
  - Plan calls for:
    - Enhanced PABs, including removing the volume cap
    - Exempt interest earned from all PABS from the Alternative Minimum Tax (AMT)
    - Eliminating long-time prohibition on PAB advanced refunding
    - Adjusting “change-of-use” provisions in tax code to allow more PABs to preserve tax-exemption
    - Grants and lending programs for state and local infrastructure investments; **housing may not be an eligible activity**

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## “Vouchering Out”

- Two hearings on 9/21/16 show that some lawmakers are interested in a **transition of project-based rental assistance to vouchers**
  - House Financial Services Committee and Senate T-HUD appropriations Subcommittee
  - These lawmakers also want to lower administrative burdens in housing assistance programs similar to HOTMA
- NAHMA is opposed to any action that will convert PBRA to voucher assistance
  - PBRA properties are sound investments for distressed areas and also provide a better basis for additional services

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## SEAL: Service-Enriched Affordable Living

- In October 2016, LeadingAge’s *Campaign for Healthy Aging Through Housing* published a proposal:
  - “SEAL” addresses the housing and services needs of low-income seniors
  - Preserves Existing Affordable Senior Housing
  - Increases Supply of Service-Enriched Affordable Senior Housing
  - Permanently Funds Services
  - Expands Project-Based and Tenant-Based Subsidies
- **NAHMA strongly supports the SEAL policy proposal**

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Site Visit with Congressional Staff at Mary Taylor House, West Chester, PA

## HOW TO GET INVOLVED:

Strategic Foresight and Grassroots Advocacy

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## Grassroots Advocacy

### ■ NAHMA launches AHMA Advocacy Challenge



- Fun advocacy challenge to elevate affordable housing
- August congressional recess 2018
- Five eligible activities: social media, legislator meetings, town halls, resident engagement, property visits
- Activities earn points for your AHMA
- Grand prize and smaller prizes awarded in October
- Participating companies get shout-outs on social media

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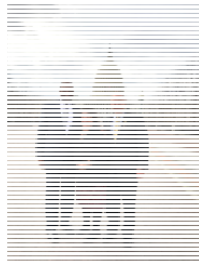
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## Grassroots Advocacy

- NAHMA launched the **next gen version of NAHMA Maps**
  - Online program on NAHMA website (also accessible on mobile devices) allows a user to search for the number and type of affordable housing properties in an entire state or district
- NAHMA advocacy toolkit, grassroots alerts, materials, and activities
  - Topics include FY19 Budget and strengthening the LIHTC
  - Video testimonials from AHMA and NAHMA members on advocacy experiences
  - Let us know how we can help
- **NAHMA hosting quarterly "Advocacy Calls" with members**



NEAHMA '17

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## Grassroots Advocacy

- We highly encourage members to invite their representatives to **site visits** at your properties
  - Excellent opportunity to change lawmakers' perception of affordable housing
  - Provides time to discuss important housing issues and challenges
  - Opportunity for resident engagement
  - July advocacy call discussed best practices
- Please contact NAHMA staff for additional information about **grassroots advocacy and meeting your representatives**
  - [NAHMA Analysis 2017-0214](#) 115<sup>th</sup> Congress: Who to Contact for Affordable Housing Policy (available on our website)



AHMA of Washington '17

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## NAHMA's Strategic Foresight Network

- In the Spring 2017, NAHMA launched its **“Strategic Foresight Network”**
  - Network of volunteer subject matter experts
  - Regularly collect and share the latest information on emerging issues in affordable housing
  - Issue areas include:
    - Congress, Federal Agencies (HUD, RD, IRS), Administration / White House / OMB, Colleague Groups, State and Local Governments and Agencies, Media, and Other
  - **To join, fill out form on NAHMA website or contact Government Affairs Team**

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## 115<sup>th</sup> Congress

### U.S. Senate:

- **Republican** – 51    Majority Leader - Sen. Mitch McConnell (R-KY)
- **Democratic** – 47    Minority Leader - Sen. Chuck Schumer (D-NY)
- **Independent** – 2    (both caucus with Dem.)

### U.S. House of Representatives

- **Republican** – 241    Speaker of the House - Rep. Paul Ryan (R-WI)
- **Democratic** – 194    Minority Leader - Rep. Nancy Pelosi (D-CA)

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## KEY REGULATORY ISSUES:

Political Transition

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## New Agency Leadership: HUD

- **Dr. Ben Carson** - HUD Secretary
- **Pamela Patenaude** - HUD Deputy Secretary
  - Previously served as HUD Deputy Secretary for CPD under G.W. Bush
- **Neal Rackleff** - Assistant Secretary for CPD
  - Previously Director of Housing and Community Development Department (Houston)
- **Anna Maria Farias** - Assistant Secretary for FHEO
  - Previously served at HUD as Senior Counsel and DAS for Grant Programs
- **Brian Montgomery** - FHA Commissioner
- **Paul Compton** - HUD General Counsel
- **Suzanne Israel Tufts** - Assistant Secretary for Office of Administration
- **Leonard Wolfson** - Assistant Secretary for Congressional and Intergovernmental Relations
- **Irving Dennis** - Chief Financial Officer
- **C. Lamar Seats** - Deputy Assistant Secretary for Multifamily Housing Programs
- **Robert Hunter Kurtz** *nominated* to be Assistant Secretary of PIH

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## New Agency Leadership: USDA

- **Secretary Sonny Perdue** (former Georgia Governor)
  - Confirmed by Senate on 4/24/17 in 87-11 vote
- **Anne Hazlett** - Assistant to the Secretary for Rural Development
  - Appointed in June 2017 to report directly to the Secretary
- **Joel Baxley** - Administrator for Rural Housing Service
- **Joyce Allen** - Deputy Administrator for Multi-Family Housing at RHS
- **Gina Sheets** - Chief Innovation Officer
- **Marie Wheat** - Director of External Affairs
- List of **State Office Directors** published online

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## Administration Focus on Federal Regulations and Agency Reform

- Trump Administration has issued several **Executive Orders impacting federal regulations**:
  - Halting new regulations, withdrawing regulations yet to be published in the Federal Register, and postponing the effective date of regs
  - Requiring 2 for 1: for every new federal regulation issued, two older regulations must be deleted; this E.O. has been challenged in court
- On March 13, 2017, the President issued a **“Reorganization Executive Order”**
  - Directs OMB to submit a comprehensive plan to reorganize executive departments and agencies
  - Proposal unveiled in summer of 2018

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## Government Reorganization Plan

- June 2018: Administration proposal to reorganize the federal government
- Recommends consolidations and overhauls
- **Many recommendations require legislative approval**
  - Proposes moving USDA's rural home loan guarantee and rental assistance programs to HUD
  - Proposes consolidating HUD headquarters and reforming HUD's rent policies
  - Seeks to overhaul the housing finance system by privatizing Fannie Mae, Freddie Mac

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## Administration Focus on Agency Reform

- April 2017: OMB memo to "**Reform the Federal Government and Reduce the Federal Civilian Workforce**"
  - Federal agencies directed to achieve workforce reductions, cost savings
  - Agencies to submit a comprehensive "Reform Plan" to OMB as part of the FY19 Budget submission
  - NAHMA has solicited member feedback on these requests
- Since early May 2017, USDA has announced reorganizations
  - Elevated RD leadership to "Assistant to the Secretary"
    - Eliminates the position of Undersecretary of Rural Development
    - Unclear how this affects state offices and directors
    - NAHMA opposes elimination of the Undersecretary position for RD
  - **Created Office of Innovation within Rural Development**
  - Realigned and merged other offices within USDA

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## Administration Focus on Work Requirements

- April 2018: Executive Order to promote economic mobility and strengthen work requirements
  - "Reducing Poverty in America by Promoting Opportunity and Economic Mobility"
  - Calls on HUD, USDA, and other agencies to submit recommendations for reg and policy reforms
    - Empower people through "Principles of Economic Mobility"
    - Strengthen work requirements
    - Limit "unqualified" immigrant access to public assistance programs

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### KEY REGULATORY ISSUES:

Department of Housing and Urban Development – Key recent, proposed, pending activities

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### EnVision Center Demonstration

- In late 2017, HUD announced EnVision Center Demonstration
  - Focuses on a “holistic approach to foster long-lasting self-sufficiency”
  - Centralized hubs bringing together federal, state, local services, community-based services, etc., and consolidating administrative services
  - **Carson designated first Demonstration centers in June 2018**
- Self-Sufficiency achieved through four pillars:
  - Economic Empowerment
    - Goals include increased employment levels, entrepreneurship, and enrollment in FSS program
  - Educational Advancement
    - Goals include increased college enrollment, GED attainment, and literacy levels
  - Health and Wellness
    - Goals include increasing pre-natal wellness visits, annual physicals, and vision/hearing screenings
  - Character and Leadership
    - Goals include increased civic engagement, participation in mentoring, and two-parent households
- **NAHMA analysis available online**

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### “Protect Our Kids Campaign”

- June 2018: Secretary Carson announces campaign to kick off Healthy Homes Month
- Campaign to get landlords/seller of older homes to fulfill responsibilities to disclose lead-based hazards
- **Create combined effort by multiple enforcement and program offices at HUD to ensure compliance with lead regulations**

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## PBCA Contract Rebids

- **All PBCAs are operating under contract extensions through remainder of FY18**
- Under ACC extensions, PBCAs have worked with HUD Field Offices to identify the "highest-risk" properties
  - Extension includes authority for PBCAs to conduct MORs on a "risk-based" approach; PBCAs will be contacting properties
  - Current state of the PBRA portfolio:
    - Troubled – 4%
    - Potentially Troubled – 23%
    - Non-troubled – 72%
- HUD hired the consulting firm Deloitte to conduct research on industry best practices
  - Deloitte contacted O/As for their input
  - **HUD published Deloitte recommendations report in Jan. 2018**

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## PBCA Consolidation RFP

- In December 2017, HUD requested comments on a **draft Request for Proposal (RFP) for Housing Assistance Payments Contract National/Regional Support Services (HAPNSS/HAPRSS)**
  - NAHMA opposed the proposal for split-level national/regional system to consolidate current PBCA program
    - National Contractors would conduct portfolio analyses, risk assessment /reporting, HAP Contract Support/Renewals, Rent Adjustment, etc.
    - Regional Contractors would conduct MORs, Monthly HAP Vouchers and Special Claims Processing, Tenant Health and Safety, HAP Contract Opt-Outs and Terminations, etc.
- **March 2018: HUD cancelled solicitations; FY18 omnibus directs HUD to report on state-by-state contract methodology**
- **NAHMA analysis available online**

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## Updated REAC Physical Inspection Protocols

- In July 2016, REAC issued **updated application of the UPCS**
  - Contained clarification and guidance concerning industry standard compliance:
    - Cracks in brick walls may not be fixed with caulking
    - Plastic PVC pipes attached to downspouts may be in violation
    - Drywall repair should be made with sheet rock and painted – wood coverings are not compliant unless covering access points for pipes
  - NAHMA members expressed concern over updated UPCS Application
    - For example, PVC downspouts are more economical, durable and less likely to be stolen
    - Additionally, they are preferred if the downspout connects to an underground system
  - NAHMA met with REAC staff and relayed common concerns
    - REAC subsequently shared specific details and photo examples of property repairs which comply with or are in violation with the new standard

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## Updated REAC Compilation Bulletin

- In September, 2017, HUD released **updated REAC Compilation Bulletin RAPID 4.0 Version 3**
  - Effective Oct. 2, 2017
  - Mainly adds clarifications for certain items, such as the building definition; HUD hosted trainings on Bulletin changes

## REAC Mold/Lead Hazard Prevention

- June 2018: REAC announces one-year demonstration as proactive mold prevention (or remedial measure)
  - Uses moisture meters and infrared cameras to detect presence of moisture before mold appears
  - According to REAC, will not constitute a change in REAC UPCS inspection protocol and will not slow down process

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## Rental Assistance Demonstration

- On 1/12/17, HUD released **Revision 3 of RAD**
  - Builds on program's success and lessons learned; aims to continue the pace of the program
  - Revises First Component: Simplifies program requirements, creates new flexibilities to make more conversions feasible, and strengthens tenant rights
  - Revises Second Component: Improves rent-setting options available to owners
  - Revisions do not go into effect until forthcoming FR Notice. Some changes subject to public comment period
  - On 8/23/17, HUD published notice implementing FY17 cap increase and new resident materials
- **May 2018: Revised RAD Application published to reduce burden**

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## Rental Assistance Demonstration

- FY18 appropriations bill increased cap on units converted under RAD from 225,000 to 455,000, extended sunset date to 2024, allowed RAD for PRAC
- **July 2018: Guidance implements certain provisions**
  - Unit cap increase
  - RAD for PRAC guidance not included; expected in the fall
- **Supplemental Guidance published**
  - Streamlined option for small PHAs
  - Expand "Rent Bundling" flexibility
  - Permit project-specific utility allowances for PBV conversions
  - Incentive for homelessness wait list preferences

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## Rental Assistance Demonstration GAO Report

- GAO was asked to review public housing conversions under RAD; **report published March 2018**
  - Impact on residents
  - Leveraging private-sector funds
- GAO makes recommendations to improve:
  - Leveraging metrics
  - Monitoring of use and enforcement of resident safeguards
  - Compliance with RAD requirements
- HUD agreed with recommendations to improve metrics and build on oversight
  - **NAHMA** analysis available online

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## Rent Comparability Studies

- In August 2015 HUD issued new instructions for **comparing median rents**
  - Derived by Census Bureau estimates of median rents in project's zip code
- On 12/20/16, HUD released CY2017 140% Thresholds for RCS
  - Census Bureau increased median rents to new high of \$4,000 (up from previous high of \$2,000), effective for any RCS signed on or after 2/11/2017
- On 1/24/18, HUD released new median gross rents for any RCS signed on or after 2/11/18

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## SAFMRs Final Rule

- 11/16/16 – HUD issued **Small Area Fair Market Rents (SAFMRs) Final Rule**
  - Effective on January 17, 2017 for the Housing Choice Voucher (HCV) program in 24 metropolitan areas; replaces 50% FMR Systems
  - NAHMA signed onto industry letter with concerns that zip codes do not represent real estate markets; rule finalized before pilot completed
  - SAFMRs are calculated by dividing the median gross rent across all standard quality units for the small area (a ZIP code) by the similar median gross rent for the metropolitan area of the ZIP code
- 8/16/17 – HUD **suspends Small Area FMR designations**
- 12/23/17 – **U.S. District Court enters preliminary injunction to void suspension**
  - Mandatory use of SAFMRs now in effect for all 24 designated areas; PHA implementation by April 1, 2018

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## HUD Handbook 4350.1

- Between 12/6/16 and 10/3/17, HUD released **draft chapters with reorganized unit and chapter structures**
- Revisions incorporate housing notices, policy updates, mortgagee letters, regulations, and statutory changes
  - Chapter 1.02: Owner and Borrower Structures
  - Chapter 2.01: Financial Statements
  - Chapter 2.03: Insurance and Loss Drafts
  - Chapter 4.01: Combining Section 8 Contracts
  - Chapter 4.04: Flexible Subsidy
  - Chapter 5.01: Enforcement of Mortgager Requirements
  - Chapter 6.03: Interest Rate Reduction
  - Chapter 8.01: Defaults and Assignments
  - Chapter 8.02: Partial Payment of Claims
  - Chapter 8.03: Servicing and Monitoring HUD-Held Mortgages
- **NAHMA continues to submit member comments on handbook changes**

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## HUD Preservation Workbook

- In October 2017, HUD published two-part preservation workbook to lead owners through process of developing preservation strategies
  - HUD Preservation Workbook: Successful Stewardship of Multifamily Housing Recapitalization
    - Each chapter has exercises and resources designed to help owners identify issues and opportunities
  - Recapitalization Excel Tool
    - Meant for use in tandem with workbook; contains spreadsheets for baseline calculations about properties
  - Section 8bb Preservation Tool
    - Multifamily Housing launches new webpage for preservation tool

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## Lead-Based Paint: Final Rule

- On January 17, 2017, HUD released its **Final Lead Safe Housing Rule**
  - HUD's new action level for lead in a young child's blood lowered from 20 micrograms of lead per deciliter of blood (µg/dL) to 5, in accordance with CDC guidance
  - **Effective Date: February 13, 2017; Compliance Date: July 13, 2017**
  - Covers 3 million HUD-assisted housing units built before 1978, the year lead-based paint was banned for residential use
  - Of these homes, about 500,000 are estimated to have children under age six residing in them
- On August 11, 2017, HUD released guidance on the **Lead Safe Housing Rule**
  - Guidance pertains to Elevated Blood Lead Levels for Public Housing, HCV, and Project-Based Voucher Programs only

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## Lead Hazard Control

- **FY18 Appropriations bill provided funding for lead hazard control and healthy homes programs**
  - \$230 million in funding for FY18, significant increase over \$145 million appropriated for FY17
  - Consolidates two lead hazard reduction funding programs into one
- **The FY17 bill included a number of requirements:**
  - No longer directs HUD to implement a lead inspection standard more stringent than the current visual inspection standard
  - Directs GAO to report to Congress on a number of factors relating to address lead hazards in assisted housing
  - NAHMA expects health and housing, particularly lead abatement, to be major focus under Dr. Carson's leadership

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## Family Self-Sufficiency Program

- **On 6/15/17, HUD announced the following resources for FSS programs:**
  - FSS Program Guidebook for Owners of **Project-Based** Section 8 Developments
  - Administering an Effective FSS Program: A Guidebook Based on Evidence and Promising Practices
  - FSS Online Training
- **FSS enrollment highlighted as top EnVision Center Goal**
- **NAHMA analysis available online**

### Moving to Work Demonstration

- **On 1/23/17, HUD published a draft Operations Notice for expansion of MTW:** FY16 Appropriations Act authorizes HUD to expand MTW from current level of 39 PHAs to additional 100 PHAs over seven years

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## Capital Needs Assessment e-Tool

- **On 12/29/2016, HUD introduced a CNA e-tool**
  - Available for **voluntary** use beginning 1/15/17
  - **Mandatory implementation date delayed to 11/1/17**
    - CNA e-Tool implementation date delayed until 2/1/18 for RAD conversions
  - HUD sent e-Tool updates throughout the year
    - HUD has received e-Tool assessments; is aware of learning curve
    - Microsoft Office 10 and subsequent versions compatible with tool
  - HUD publishes CNA eTool bulletin with known issues and solutions, tutorials
  - HUD hosting webinars for Q&A

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### Tenant Rental Assistance Certification System

- HUD announced **TRACS Release 2.0.3.A delay until Fall 2018**
- TRACS system users are required to recertify annually or reactivate accounts after 90 days of inactivity;
  - Inactivity deactivations will occur 10/22/17

### Property-Assessed Clean Energy Guidance

- On 1/12/17, HUD released guidance on PACE
  - Acts as a mechanism for funding energy efficiency and renewable energy improvements; property owners repay the cost through a property tax assessment, reducing risk

### Risk Share Initiative

- On 5/1/17, HUD announced a deferral of the **Small Building Risk Sharing Program** under Section 542
  - Intended to facilitate the financing of small multifamily properties
  - Program deferred indefinitely

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### KEY REGULATORY ISSUES:

Department of Housing and Urban Development – Fair Housing

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### Celebrating 50<sup>th</sup> Anniversary of the Fair Housing Act



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## HUD Celebrates 50 Years of Fair Housing Act

- Secretary Carson and Assistant Secretary Farias host Ceremony
- President proclaims April as National Fair Housing Month, reaffirms commitment to ending discrimination and expanding affordable housing



*NAHMA participates in "50 Years of Opening Doors" ceremony at HUD HQ*

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## Combatting Sexual Harassment in Housing

- April 2018: HUD and DOJ announce nationwide rollout of initiative aimed at increasing awareness, reporting
- Interagency taskforce, public awareness campaign, outreach materials
- Builds on DOJ's successful pilot initiatives in DC and VA
  - Pilots developed and tested ways to better connect victims with assistance organizations

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## VAWA 2016 - 2017

- Violence Against Women Act (VAWA)
  - 11/16/16: HUD issued VAWA 2013 Implementation Final Rule effective 12/16/16 (compliance 5/15/17)
  - 1/19/17: HUD issued VAWA Self-Petitioner Verification Procedures
  - 5/19/17: HUD issued VAWA Guidance for PHAs
  - **6/30/17: HUD issues Additional VAWA Guidance for MF Owners and Agents**
    - HUD requested comments on form revisions
    - Includes translated forms
    - HUD trainings available on HUD webcast or YouTube
    - NAHMA analysis available on our website
  - **HUD launches VAWA website with resources**

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## Affirmatively Furthering Fair Housing

- On 7/16/15, HUD published the **Affirmatively Furthering Fair Housing (AFFH)** final rule
  - 1/13/17: Revised Assessment Tool for Local Governments
    - **Local Governments Tool withdrawn by HUD in May 2018**
  - 1/13/17: Revised Assessment Tool for PHAs
- FY17 omnibus bill prohibits use of funds to undertake zoning law changes under AFFH
- **January 2018: HUD delays full implementation of AFFH**
  - May 2018: HUD is sued by fair housing advocates challenging delayed implementation
- **May 2018: HUD withdraws deadline extension**
  - Participants to continue fulfilling fair housing obligations under AFFH, such as through the use of "Analysis of Impediments to fair housing choice" (AI)

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## Disparate Impact

- **Disparate Impact Supreme Court Case**
  - 6/25/15: the SCOTUS upheld the concept of "disparate impact" within the Fair Housing Act
  - Sent case back down to district court, where TX Dept. of Housing won case based on "robust causality"
- **June 2018: HUD solicits public comments on Implementation of DI Rule**
  - HUD is reviewing the final rule and supplement to determine what changes, if any, are appropriate following the Supreme Court's 2015 ruling
  - NAHMA submitted comments; signed onto industry comments

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## Fair Housing 2015 - 2016

- **Criminal History in Housing Decisions**
  - 4/4/16: HUD's Office of General Counsel (OGC) released guidance on how the Fair Housing Act applies to the use of criminal history in housing decisions
- **HUD Harassment Rule**
  - 10/21/15: FHEO issued "Quid Pro Quo and Hostile Environment Harassment and Liability for Discriminatory Housing Practices Under the Fair Housing Act" Notice
  - 9/13/16: HUD publishes Final Rule, effective 10/14/16
- **Arrest Records in Housing Decisions**
  - 11/2/15: HUD issued guidance on excluding the use of arrest records in housing decisions

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## Fair Housing 2015 - 2016

### ■ Local Nuisance and Crime-Free Ordinances

- 9/13/16: HUD issued guidance asserting that the Fair Housing Act (FHA) prohibits both intentional housing discrimination and housing ordinances, policies or practices that have an unjustified discriminatory effect because of protected characteristics

### ■ Guidance on Fair Housing Protections for LEP

- 9/15/16: HUD issued guidance on Fair Housing Protections for Persons with Limited English Proficiency (LEP), prohibiting both intentional housing discrimination and housing practices that have an unjustified discriminatory effect

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## KEY REGULATORY ISSUES:

Department of Housing and Urban  
Development – Senior Housing

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## Supportive Services Demonstration for Elderly Households in HUD-Assisted Multifamily Housing

- Early in 2016, HUD announced it would award \$15 million in grants to test a promising housing and services model for low-income seniors to age in their own homes and delay or avoid the need for nursing home care
- 3-year grants to eligible owners of HUD-assisted senior housing developments to cover the cost of a full-time Enhanced Service Coordinator and a part-time Wellness Nurse
- Purpose is to test the effectiveness of this enhanced supportive services model for elderly households and to evaluate the value of enhanced service coordination paired with affordable housing for seniors

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## Supportive Services Demonstration for Elderly Households in HUD-Assisted Multifamily Housing

- On 1/13/17, HUD announced the recipients of the \$15 million in funding for Supportive Services for Elderly Demonstration
  - Demonstration will be independently evaluated to determine impact on
    - Aging in place;
    - Avoiding early transitions to institutional care; and
    - Preventing unnecessary health care utilization
  - Grantees in 7 states:
    - California
    - Illinois
    - Maryland
    - Massachusetts
    - Michigan
    - New Jersey
    - South Carolina

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## HUD 202 Property Tours

### You're Invited!

#### Monday Tours: HUD Affordable Housing for Seniors

We hope you'll join us to tour 3 affordable senior housing communities on May 8, May 15, and May 22. These tours will be open, each trip will depart Capital Hill at 10 a.m. and be back on the Hill by 12 p.m.

#### Tour Stops:

- Monday May 8: St. Mary's Court in Washington, DC. This 603-unit community senior care is located in the heart of Foggy Bottom.
- Monday May 15: Homewood House in Silver Spring, MD. This 874-unit community provides affordable housing to low-income seniors.
- Monday May 22: Samuel J. Seeman INCA Elder Care Washington, DC. The Columbia Heights community serves 650 seniors on the banks of Columbia Heights.

#### Please join us for any or all of these Monday tours!

RSVP for each tour, including accessibility requests. Please call or email to reserve your spot.

Sponsored by the Elderly Housing Coalition, including:



In Spring 2017, NAHMA and others from the Elderly Housing Coalition organized **tours of affordable senior housing communities financed by the HUD 202 program** in DC and Maryland. Congressional staff from several key offices participated in the tours.

More tours planned for 2018.

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## The Mary Taylor House - Property Visit



In December 2017, NAHMA collaborated with PAHMA and the Pennrose Management Company to **host an affordable senior housing tour at the Mary Taylor House** in West Chester, PA.

Pennsylvania **Senator Bob Casey's staff from the Senate Special Committee on Aging** took part in the tour and met residents of the tax credit property.

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**Service Coordinator Grants**

- Many properties experienced grant funding delays in 2017
  - Resulted from delayed FY17 Appropriations and eLOCCS system changes
  - Please contact NAHMA if you are experiencing delays this year

**Other Senior Housing Initiatives**

- April 2018: GAO releases report on “Older Adult Housing”
- **FY18 Appropriations Act authorized RAD for PRAC; new 202 funding; guidance expected in fall, 2018**
- June 2017: HUD report on preventing senior in-home injuries
- In September 2017, NAHMA published NAHMA Analysis
  - Affordability, Availability, and Accessibility: Trends in Senior Housing

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**KEY REGULATORY ISSUES:**  
LIHTC

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**LIHTC - New Volume Caps;  
Income Averaging**

- April 2018: IRS issues guidance to increase state Housing Credit ceiling
  - Based on FY18 Appropriations Act: 12.5% increase for four years
  - New Volume Cap: greater of \$2.70 multiplied by the population, or \$3,105,000
  - State-by-state population estimates for 2018
- April 2018: FAQs available for new Income-Averaging implementation
- May 2018: IRS published revised Form 8609 with income-averaging option

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## NCSHA Report: Recommended Practices in Housing Credit Administration for State HFAs

- Report released in December 2017
- Comprehensive revision of recommended practices for the Housing Credit:
  - Strengthens existing recommendations and adds 13 new practices in state program administration
- State Housing Credit allocating agencies expected to begin incorporating recommendations in 2018

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## LIHTC Local Approval and Preference

- On 12/12/16, the IRS issued guidance on LIHTC developments complying with fair housing rules at the local level
  - Revenue Ruling 2016-29: Under the Internal Revenue Code, state **allocating agencies are not forced or encouraged to require local approval** for LIHTC developments
  - Notice 2016-77: LIHTC developments located in a qualified census tract **do not receive preference** unless the project's development contributes to a concerted community revitalization plan; in this case, the plan's revitalization components must exist by the allocation date

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## IRS Compliance Monitoring Requirements

- On 2/25/16, the IRS issued a notice that amends **LIHTC compliance monitoring requirements**
  - IRS originally requested comments on its compliance monitoring requirements in 2012
    - In our comments, NAHMA strongly encouraged streamlining of duplicative and burdensome physical inspection requirements for mixed-financed properties
    - The notice will now permit the physical inspection protocol established under HUD's REAC to satisfy the LIHTC physical inspection requirements
    - New regulations will provide greater flexibility for the minimum number of units for which an agency must conduct physical inspections

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## KEY REGULATORY ISSUES:

Rural Housing

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## Non-Profit Management Fees

- MFH Non-Profit Asset Management Fee of up to \$7,500 will now be an allowable expense to be charged per property
  - USDA currently amending Handbook 2-3560, Chapter 4
  - Fee continues to only cover actual organization costs with justification
  - Eligible borrowers may revise FY18 budgets
- Enacted by FY18 Appropriations Act; USDA Guidance published March 30

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## Fiscal Year 2019 Management Fees

- **June 2018: FY 2019 RD Management Fees posted**
  - FY19 Management Fee increased by the 2018 Operating Cost Adjustment Factor (OCAF) for each state
  - Fees rounded up to the nearest dollar
  - Used for FY19 budget cycle beginning January 1, 2018
  - Updated in MFH Asset Mgmt HB, Chapter 3

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## GAO Report on USDA Rental Assistance Estimates in 2017

- Study was conducted in response to RA underfunding problem from few years ago: In fiscal years 2013–2015, RHS was unable to renew all its agreements because it ran out of funds. As a result, some property owners' rental assistance payments were delayed. GAO was asked to examine the reasons why RHS ran out of funds and how RHS plans to improve its budget requests.
- GAO recommends that RHS develop plans for testing rental assistance estimation methods, develop estimation controls, create controls to ensure use of appropriate assumptions in budget requests, and provide guidance on reviews of rental assistance renewals.
- **NAHMA** analysis available online

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## New RA Obligation Tool

- On 3/18/16, USDA's RD released information on the new **RA Obligation Tool**
  - RD started utilizing the new tool to commit funds and estimate RA funding beginning in FY 2016
  - The tool establishes the RA renewal obligation using a weighted average of the project's usage rate over that past 12-month period
    - Uses data currently available in the Multi-Family Information System (MFIS) database

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## Financial Reporting Requirements

- In November 2017, USDA issued a Final Rule for MFH Section 515/514 new financial reporting requirements
  - Establishes risk thresholds, aligns requirements with HUD, reduces program operating costs
  - **USDA believes small-portfolio borrowers will realize cost savings in operating expenses and a consequent reduction in amount of RA**
  - Optional in Fiscal Year 2018, mandatory starting FY19 (Oct 1, 2018)
  - Additional guidance expected on year-end reporting requirements

## USDA Regulatory Reform Initiatives

- On July 17 2017, USDA requested comments on modifying, streamlining, expanding or repealing regulations, guidance documents, etc.
  - NAHMA has submitted comments

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## Agriculture and Rural Prosperity Task Force

- On April 25, 2017, the Trump Administration signed Executive Order titled “**Promoting Agriculture and Rural Prosperity in America**”
  - Establishes the task force comprised of representatives from 21 agencies (excludes HUD); headed by USDA Secretary Perdue
  - Purpose: “Identify legislative, regulatory, and policy changes to promote in rural America agriculture, economic development, job growth, infrastructure improvements, technological innovation, energy security, and quality of life”
  - In January 2018, Taskforce presented report to the President
    - Discusses options for “quality of life” and “innovative housing solutions”

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## Hill Briefing: Affordable Rural Rental Housing

On Sept 8, 2017,  
NAHMA  
cosponsored a  
**congressional  
briefing** on  
affordable rural  
rental housing

**NAHMA**  
NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

**Affordable Rural Rental Housing: Policy Background and Update**  
Friday, September 8, 2017  
10:00 a.m. – 11:00 a.m.  
Room G11, Dirksen Senate Office Building  
Washington, DC

This briefing will introduce Congressional staff to the issue of preserving affordable rural rental housing. The topic relates to legislation on major issues (primarily the Agriculture appropriations bill), tax, and housing. Speakers will include staff from the U.S. Department of Agriculture Rural Housing Service, representatives of for-profit and nonprofit rural housing organizations, and Congressional offices active on this issue.

Advance registration for this briefing is not required. Please let us know if you have questions or are in the area and would like to attend.

**Briefing sponsors**

- The National Affordable Housing Management Association advocates on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing.
- The Council for Rural and Affordable Housing is a nonprofit trade organization for the affordable rural housing profession.
- The Rural Housing Preservation Working Group is a broad coalition of national and local organizations interested in preserving affordable rental housing in rural America. The RHPWG is convened by the Housing Assistance Council, a nonprofit 501(c)(3) organization that works to improve housing conditions for low-income residents of rural America.

**Get 100 updates on social media!**  
Follow us on Twitter for updates from the briefing!  
[@NAHMAcost](#) [@RuralAffHousing](#) [@RuralHousing](#)

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## RD Maturing Mortgages

- On 12/28/16, RD issued an Unnumbered Letter with additional guidance for **Section 515 and 514/516 properties reaching maturity dates**
  - Supersedes UL issued in April 2015
  - Outlines options to retain properties in the RD portfolio
  - Includes:
    - New “Borrower Notification Letter”
    - Sample “Tenant Notification Letter”

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### RD Maturing Mortgages

- NAHMA has been raising awareness of **Maturing Mortgages** with lawmakers and stakeholders: 75% of the portfolio could be lost in the next decade (11,500 properties = 333,845 units)
  - The GAO is also monitoring the situation
    - Congress requested that the GAO seek answers on the number of properties that could lose their affordability and RD's preservation strategies for the portfolio
  - Lawmakers are paying attention – from the FY 2016 Omnibus Committee Report:
    - "The increasing number of Section 515 multifamily housing loans that are reaching maturity and being paid off is a significant threat to very low-income rural households needing affordable housing"

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### USDA Rural Multifamily Comprehensive Property Assessment

- The report, issued August 2016, analyzed **capital needs of RD's rural multifamily portfolio** (last analyzed in 2004)
  - Finds the portfolio will need an additional \$5.6 billion over the next 20 years to cover Replace Reserves (RR) deficits
  - Estimates that the Section 515 portfolio alone (384,216 units) has an estimated 20-year RR deficit of \$4.7 billion.
    - Section 515 portfolio's capital needs will occur in the next 10 years

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### Use of 538 Loan Guaranteed Rural Rental Housing Program with Section 515 Properties

- In January 2018, USDA clarified use of Section 528 loan guarantees
  - Transactions involving revitalization and preservation efforts of existing affordable housing properties financed with Section 515 direct loans

#### RD Capital Needs Assessment (CNA)

- In November 2017, USDA clarified the RD CNA process
  - General Instructions
  - Specific Instructions for Expected Useful Life (EUL) tables
  - Set of applicable forms
  - Clarification issued in January, 2018

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## Violence Against Women Act (VAWA)

- On 1/18/17, USDA issued an Administrative Notice on **Implementing VAWA**
  - Follows HUD's Final Rule from 11/16/16
  - Uses HUD sample documents
  - Applies to Section 515, Section 514/516, Section 538, and Section 533 programs

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## PolicyMap – RD Data Tool

- In July 2016, RD announced a **new partnership** with the online mapping site PolicyMap
  - Users can examine data on demographics, real estate, health and jobs in rural communities
  - RD can better visualize investments in rural communities and help stakeholders understand new development strategies
  - RD will provide more accurate, reliable reports on rural housing programs
    - Information on Section 515 and 538 properties is now available to review; visit <http://www.rd.usda.gov/files/RD-RHS-SATransparencyEffortJuly2016.pdf>

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## Changes to Eligibility Maps

- Changes to maps determining RHS program eligibility effective June 4, 2018
  - Jurisdiction areas reviewed every 5 years
  - Based on US Census/American Community Survey
- Properties located in an area changing from rural to non-rural may be approved if:
  - Application dated/received prior to June 4, 2018
  - Loan estimate issued within 3 days
  - Signed/ratified sales contract dated prior to June 4, 2018
  - All other loan eligibility requirements met

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## KEY REGULATORY ISSUES: Government-Sponsored Enterprises (GSEs)

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## FHFA Affordable Housing Goals

- In July 2017, FHFA proposed new housing goals for GSEs for 2018 – 2020
  - NAHMA submitted comments
- **Final Rule Published early February 2018, maintains most goals**

Goal	Criteria	Current goal level for 2017	Proposed goal level for 2018-2020
<b>Low-income Goal</b>	Units affordable to families with incomes no greater than 80 percent of area median income in multifamily rental properties with mortgages purchased by an Enterprise	300,000 units	315,000 units
<b>Very Low-income Subgoal</b>	Units affordable to families with incomes no greater than 50 percent of area median income in multifamily rental properties with mortgages purchased by an Enterprise	60,000 units	60,000 units
<b>Small Low-income Multifamily Subgoal</b>	Units affordable to families with incomes no greater than 80 percent of area median income in small multifamily rental properties (5 to 50 units) with mortgages purchased by an Enterprise	2015: 6,000 units 2016: 8,000 units 2017: 10,000 units	10,000 units

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## Duty to Serve (DTS) Underserved Markets

- On 12/13/2016, the Federal Housing Finance Agency (FHFA) released its DTS Final Rule
  - Allows GSEs to target underserved markets
    - Preservation of affordable housing, manufactured housing, and rural communities
  - Fannie Mae and Freddie Mac's DTS Underserved Markets Plans
    - 3-year underserved market plans evaluated by FHFA
    - Draft released in May 2017; to be implemented in January 2018
    - Public listening sessions held in early 2017
    - NAHMA submitted comments in July 2017
    - **Final DTS plans released in December 2017**

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## GSEs to re-renter LIHTC Market

- In November 2017, FHFA announced that effective immediately, Fannie Mae and Freddie Mac allowed limited re-entry into Housing Credit Market as equity investors
  - Ensuring that GSEs provide a countercyclical role in LIHTC market as needed
  - Each GSE subject to annual investment limit of \$500 million (less than 5% market share for each)
  - Any investments over \$300 million/year required to be in areas identified by FHFA as markets that have difficulty attracting investors
- Feb 2018: Fannie Mae announces \$100 million LIHTC fund
  - Focus on rehab and constructions in hurricane-impacted markets, rural markets and Native American Housing
  - Investments to incorporate disaster-resiliency features
  - First investments in first quarter of 2018

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## Housing Trust Fund – 2016-2018

- \$174 million has been provided for FY16; \$219 million provided in FY17; and \$266 million provided in FY18
- Background: On 12/11/14, the FHFA directed the **GSEs to begin allocating funds to the Housing Trust Fund (HTF)**, which was established in the **Housing and Economic Recovery Act (HERA)** of 2008
  - Grants will be directed to states for development and preservation of multifamily properties
    - Contributions were suspended when the GSEs were placed into conservatorship in Sept. 2008
  - On 1/30/15, HUD issued an interim rule which establishes the regulations that govern HTF
    - During 2015, states began developing their HTF Allocation Plans; on May 4, 2016, HUD announced HTF allocations; in April, 2017, HUD issued a correction to the HTF allocations announced in 2016

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## OTHER NAHMA INITIATIVES

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## Communities of Quality Smart Badges

- In June 2017 NAHMA announced that Communities of Quality (COQ) Corporate Partners could participate in a new free Digital Smart Badge designation and marketing program
- Now available to ALL COQ Properties
  - Two Smart Badges – one for the Corporate Web homepage, one for each COQ recognized property Webpage
  - Date dynamic; can't be replicated; clicks to verification page
  - Two step process to implement – 1) send list of website addresses to NAHMA, who verifies with provider (Yoshki) and 2) insert provided code into your approved Webpage code pages



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## Cities Where you Can Afford to Work and Live

- In April 2017, NAHMA issued the research report on livable cities, under its initiative "Cities Where you Can Afford to Work and Live"
  - In collaboration with Virginia Tech professor Dr. Dustin Read
  - Developed out of our "workforce housing" grand challenge project with Seth Kahan
  - Highlights cities making progress in implementing local policies addressing shortage of affordable housing
  - 5 cities featured: Atlanta, GA; Columbus, OH; Denver, CO; Minneapolis, MN; San Diego, CA
  - Case studies presented to provide example of how localities attempt to address affordability crisis and to inspire public officials to assess how they can best use a variety of policy tools to create "Cities Where you Can Afford to Work and Live"
- Report is available on the NAHMA website

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