CAROLINAS COUNCIL FOR AFFORDABLE HOUSING

Carolinas Council for Affordable Housing
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Message from the President

The Carolinas Council for Affordable Housing wants to thank all of our members and participants for making 2011 a great year. We had another successful annual meeting at the Myrtle Beach Marriott Resort at Grand Dunes. We look forward to an even more successful annual meeting in 2012! Next year's meeting will again be held at the Myrtle Beach Marriott Resort at Grand Dunes on April 29 – May 1, 2012. Board members are currently working on the agenda and lining up speakers for our meeting. We have a number of very exciting topics on the agenda. If there are topics you would like to see covered or discussed, please let a board member know or send an email to the CCAH office at CCAHBOARD@aol.com so that we can attempt to accommodate your request.

In addition to the annual meeting, CCAH provides training sessions to its members throughout the year. This year we were pleased to work with Rural Development on the important Civil Rights trainings that took place across the Carolinas. There was fantastic participation, and all the hard work really paid off. We also offered a great refresher on Landlord/Tenant Issues present by Will K. Brownlee of Brownlee Law Firm, PLLC. All the feedback we got from the attendees was overwhelmingly positive, and the Council is especially grateful to Mr. Brownlee for providing such a great class. We are working diligently to provide our members with additional quality training and look forward to announcing upcoming topics and dates in the new year.

CCAH is also working on a number of items that our members have expressed interest in. The availability of **electronic leases** is something that your board has been working on for quite a while. We are very close to rolling out this option to the members, so be sure to read all about it in this newsletter. There are a few items that still need to be worked out, but the electronic leases will be made available in the first quarter of 2012. Another new improvement for 2012 will be the ability to accept credit card payments. This benefit will allow our members to pay their membership dues and registration fees with a simple "swipe of the card"!

If you are not a member of CCAH, you are really missing out on a lot of great opportunities. If you would like information about becoming a member, please contact a board member. We will be more than happy to assist you in any way we can.

Remember to **mark your calendars for April 29 – May 1, 2012, for our 2012 CCAH Annual Meeting** being held in Myrtle Beach, SC. Again, thanks to everyone for making 2011 a successful year. We look forward to an even better and more prosperous 2012!

Scott Alderman, President

A Washington Report

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BASICS OF SEQUESTRATION - ***Report filed November 25, 2011***

If there is no intervening action by Congress and the $1.2 trillion sequestration triggered by the failure of the Select Joint Committee on Deficit Reduction to reach agreement goes into effect January 1, 2013, as required by the Budget Control Act of 2011, programs created in the tax code— tax expenditures like the LIHTC—will NOT be impacted. Only programs which are subject to the sequester and that require an annual appropriation will be affected.

The 10-year deficit savings will be split equally between defense and non-defense spending, with about $200 billion of the total coming from interest savings.

The $1.2 trillion figure is in addition to the $900 billion in reductions that went into effect this year.

In 2013, because of the time factor, the statutory sequestration, estimated to be about 8 percent, will be across the board (program-by-program). In the final nine years there will be annual budget caps with savings coming equally from defense and non-exempt domestic programs, but the budget and appropriations committee will have discretion in meeting the total caps. In other words, the caps are on total spending and do not necessarily have to be across the board as is the case in the first year.

The non-defense cuts would come from both mandatory (entitlement) and discretionary domestic spending, like HUD and USDA housing programs. Many (most) major entitlement programs are exempt from the sequester, including Social Security, veterans' benefits, federal retirement, Medicaid, SNAP (the old Food Stamp program), child nutrition, SSI, and others.

Non-exempt mandatory programs subject to the sequester include the various farm price support programs and Medicare payments to providers and insurance plans (capped at 2% per year).

The day after the president signed the legislation establishing the so-called Supercommittee, I wrote that members of Congress and interest groups were already preparing to attempt to alter the outcome—whether deficit reduction legislation was enacted or sequestration was triggered. That was an easy prediction, and now legislators have 13 months to tinker with amendments to the statutory requirements of the Budget Control Act of 2011.

President Obama has threatened to veto any changes, Speaker John Boehner has basically said the legislation should stand as originally passed, and Moody's and other rating agencies have warned about the consequences of lowering the total deficit savings.

But tell that to assorted special interests, among others, defense hawks, including the president's own Secretary of Defense, who is waging a battle against the automatic cuts in Pentagon spending.

And the Gang of Six (and counting) has revived, intent on somehow accomplishing the seemingly impossible—getting their colleagues in the Senate and House to compromise and reason together.

Comprehensive tax reform is probably another impossible dream until after the 2012 elections.

From our perspective, deficit reduction one way or another will be part of most every discussion in Congress. **That means that the trillion dollars or so in tax expenditures will always be on the periphery, enough so to keep our attention and focus on supporting friends and identifying new allies in Congress.**

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A Washington Report
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December "To Do" List for Congress

- Congress is yet to pass nine appropriations bills, totalling more than $800 billion, and the continuing resolution (CR) providing temporary funding expires December 16. [HUD and USDA were included in the minibus money bill that has been signed into law.] The leadership preference seems to be to wrap those nine bills into one tidy package, but the large price tag does serve to complicate passage. It is a bit early to mention another budget showdown to avert a partial government shut down in mid-December or early in 2012.
- Renewal of payroll tax cuts that expire December 31 is already a hot-button topic.
- Ditto for extending unemployment benefits for the long-term jobless.
- Dozens of popular tax credits, including the one for research and development, also expire at year's end. (**This would be the likely vehicle for our legislation making permanent the 9% floor for the new construction/rehab LIHTC and a 4% minimum acquisition credit**.)
- Upwards of 20 million additional tax payers will have to pay the AMT in 2012 unless Congress acts.
- Without another "doc fix," Medicare reimbursements to doctors would be reduced 27 percent beginning January 1.

The payroll tax cut, unemployment extension, and the "doc fix" ring in at about $200 billion. Add $90 billion for the AMT fix. Renewal of the expiring tax provisions is estimated to cost $30 billion or a bit more.

2012 Elections

Democrats need a net gain of 25 seats to regain control of the House, and Republicans need plus-four seats to gain superiority in the Senate where Democrats are defending 23 of the 33 seats up next year. Or the Republicans could gain marginal Senate control with a three seat gain if they win the White House—the split would be 50-50 with the President of the Senate (the vice president) voting only in the case of ties. Total chaos was averted when this occurred in the 107th Congress (2001-2003), but there was some degree of comity in that era.

WASHINGTON BRIEF - *Update Filed December 8, 2011*

Our legislation to continue the fixed (flat) 9 percent and 4 percent credits is expected to be introduced in both the Senate and the House the week of December 11..

Congress had planned—well, it was on their calendar—to be gone for the year on the 9th, but will be in session after December 9, and probably beyond, to finish up the work they deem ***politically*** necessary.

An item that qualifies as politically necessary is some version of the payroll tax abatement, a $900 billion "megabus" omnibus spending bill (for the fiscal year that started in October) for those departments and agencies operating under a CR (continuing resolution) that expires December 16, and perhaps some other legislation or hitchhikers on the major bills.

It is not written on a tablet or codified in legislation, but apparently there is a law of nature that the specter of a government shutdown must be raised when spending measures approach a deadline. There are enough issues, many not related to funding, with the omnibus spending bill that another short-term CR may be required.

As disappointing as most of the program funding levels were in the minibus bill that passed last month, we are better off to have the HUD and USDA appropriations bills off the table and not part of the final shoot out.

It is unclear whether the annual tax extenders bill, which would be the vehicle for our 9% and 4% legislation, will be considered yet this year or pushed into next year with provisions made retroactive -- not an unlikely or unusual occurrence.

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A Washington Report
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There is one change in our legislation which is significant. The original draft made the fixed 9% and 4% credit amounts ***permanent***. The revised version will apply only to projects allocated credits through ***December 31, 2012***.

By definition the annual extenders are, obviously, year-to-year. For consistency, and to avoid any controversy, the change in our legislation from permanent to annual was a natural conclusion. Too bad, but, hey, even we and our friends in Congress understand the concept of compromise.

To avoid any question, the ***Low Income Housing Tax Credit*** program is and remains permanent. The one-year extension relates only to changing the monthly tax credit percentage from floating to a fixed, or flat, rate.

Annual Meeting Planning Committee

The Annual Meeting Committee has been busy thinking up some new topics for the 2012 Annual Meeting that would be of interest to our membership. So far, we've come up with some great ideas that we hope you will all find informative and helpful in your pursuit of excellence in developing and managing affordable housing.

For starters, we have a special guest speaker on the agenda. Mr. Glen Ward of Columbia, South Carolina, will present an hour of entertainment and fun. Glen is a professional humorist and inspirational speaker. His engagements take him all across America addressing corporations; national, regional and state associations; government agencies, etc. He entertains his audiences with impersonations of political and musical celebrities, as well as stories and life lessons learned from his own experiences. Glen is a dynamic speaker, and I know you will enjoy what he brings to us.

Thanks to all who participated in our 2011 charity drive, "Share Our Shoes." With your donations, we delivered over 200 pairs of shoes to the SOS organization. Next year, we are considering doing a charity drive for a local Food Bank. More information on this will be forthcoming soon.

As always, we encourage your input regarding topics you would like to hear discussed and/or questions you might have for any of the housing agency panelists (RD, State Housing, and HUD) who will be present at the meeting. Please e-mail me at linda@weaver-kirkland.com if you have any suggestions or questions.

Hope you all have an extremely happy and safe Holiday season!

Linda Wall, Chairperson

Welcome to Our Newest Member

Wynnefield Properties

P.O. Box 395

Jamestown, NC 27282

(336) 454-6134

Carolinas Council for Affordable Housing

Annual Electronic Lease Information

For CCAH Members Only!

The purchase of electronic leases is available only to CCAH Members. The electronic leases are purchased annually. The purchase entitles members to access both North Carolina and South Carolinas leases and addendums in English. You can print as many leases as you need as frequently as necessary for the calendar year in which they are purchased. Each lease will be date stamped and will have the management company name imprinted within the lease. The leases are only useable for the year in which they are purchased. Each calendar year CCAH members will have the option of purchasing that year's lease.

Please Note:

CCAH will still have available for sale the same lease products we have always carried. The price remains the same, and we will ship them to you as we have in the past. Electronic leases are simply an additional option that we are providing only to Members of CCAH.

Each lease will have a single-page questionnaire that is completed on site. Completion of the questionnaire will populate the lease for you. The electronic leases and addendums are in PDF format.

For tax credit requirements as well as security purposes, the signature page of the leases should have original signatures. Therefore the signature page of the lease should be printed out, properly executed by all parties, and then scanned back into your computer.

If you have questions not answered here, please contact the CCAH Office. We will be glad to help you!

CCAH Office
388 Cross Point Road
New Hill, NC 27562
Phone: 919-774-7713
Email: ccahboard@aol.com

Annual Electronic Lease Purchase Form

CCAH Members Only

The annual purchase price for leases is calculated by the number of Affordable Housing Units each management company manages in the states of North and South Carolina. Please see the chart below.

CCAH is required by the NC Department of Revenue to collect sales tax on the sale of electronic leases. The sales tax is collected based on the tax rate for the state of North Carolina and the county in which the management company is located. Since the ounty rate is not the same in all 100 NC counties, please check the listing below for the applicable sales tax for your county and add that amount to your purchase. CCAH is NOT required to collect South Carolina sales tax. If your management company is located in South Carolina, do not include sales tax.

NC sales Tax 7% in Alexander, Cabarrus, Catawba, Cumberland, Duplin, Halifax, Haywood, Hertford, Lee, Martin, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Simpson, Surry and Wilkes Counties.

NC Sales tax 8.25% in Mecklenburg County.

All counties not listed above pay 6.75% sales tax.

CCAH Members Annual Electronic Lease Fees

Total Units	Annual Fee	Sales Tax	Total Enclosed
1-100 Units	$150.00		
101-500 Units $	375.00		
Over 500 Units	$850.00		

Please complete the information below to purchase annual electronic leases.

Company Name:____

Contact Name(s):____

Address:____

City, State, Zip:____

Telephone:______________________________Fax:____________________________

Email:____

Affordable Housing Alert - Developments in affordable housing law

November 21, 2011

HUD, IRS, and RD Move Forward with Harmonization

By Richard Michael Price

Over the past year the White House has sought to align federal rental policy. Sometimes called "Harmonization," these efforts have focused on several areas where federal programs work in tandem among the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Treasury (essentially the Internal Revenue Service's Low-Income Housing Tax Credit Program), and the U.S. Department of Agriculture (USDA) (mainly Rural Housing Services'multifamily programs operated through Rural Development). The White House has convened several working group meetings culminating in a roll out meeting this past July 27. The Administration published its report called Federal Rental Alignment Opportunities—Conceptual Proposals, and sought comments over the summer. The report is broken out by its 11 subject areas: physical inspections, income reporting and definitions, subsidy layering reviews, reduction in state-to-state variability for income definition, financial reporting, common energy efficiency requirements, appraisal primer, market study standards, capital needs assessment, improve sharing of data on owner defaults, and compliance (fair housing MOUs).

The Administration is now starting implementation through pilot programs for physical inspections and subsidy layering reviews. The physical inspection pilot will involve limited numbers of properties in Michigan, Minnesota, Ohio, Oregon, Washington State, and Wisconsin. The subsidy layering pilot will be implemented in certain transactions in North Carolina, South Carolina, Michigan, and Nevada.

The physical inspection pilots have started their roll outs in the past two weeks in different states Each pilot is focused on executing Memoranda of Understanding ("MOU") in each pilot state between HUD, USDA, and the state Housing Finance Agency. Indications are that the Uniform Physical Condition Standard or UPCS would become the common inspection standard.

Similarly, the subsidy layering pilot will be implemented by state-specific MOUs between HUD, RD, and the state Housing Finance Agency.

If you have any questions about this alert, please contact Richard Michael Price at 202-585-8716 or rprice@nixonpeabody.com, or your Nixon Peabody LLP attorney.

Reprinted from the Nixon Peabody newsletter, a publication of Nixon Peabody LLP

November 22, 2011

TO: All Multifamily Project Owners

FROM: Janet M. Golrick, Acting Deputy Assistant Secretary for Multifamily Housing Programs

SUBJECT: Impact of HUD's Fiscal Year 2012 Budget on Section 8 Project-Based Rental Assistance

On November 18, 2011, President Obama signed HUD's Fiscal Year 2012 budget into law, which provides the Department with funding through September 30, 2012. As Secretary Donovan said in announcing the passage of the Department's budget last Friday, HUD's "final budget protects the vulnerable American families currently assisted by our rental assistance and public housing programs" but "several of our key initiatives that help needy families and struggling communities will be reduced."

The 2012 budget climate is clearly challenging for HUD's programs and we expect it to become even more so in 2013. Although Section 8 Project Based Rental Assistance (PBRA) was funded in 2012 at levels sufficient for the Department to continue full funding of all contracts, the Department is committed to achieving certain savings in order to slow the growth of PBRA expenditures and to effectively manage the account within appropriated levels. This is to inform you about policy changes that will be formally announced through Housing Notice within the coming months to implement PBRA savings and constrain future expenditures.

First, funds currently held in project residual receipts accounts will be used to reduce assistance payments. We are formulating a process to apply these funds to PBRA expenditures and we are committed to implementing this policy in a way that is minimally disruptive to the current voucher and disbursement process.

Second, all Option 4 renewals and annual rent adjustments will be limited to OCAF increases if proposed rents exceed market. This policy was announced and commented on over the last year by the industry as part of our revision and reissuance of the Section 8 Renewal Guide.

Third, all rent comparability studies will be required to justify proposed rents that exceed 110% of Small Area Fair Market Rents (SAFMR). Forthcoming guidance will contain instructions on the additional analysis required to justify proposed market rents in excess of this SAFMR benchmark.

Once again, the increasingly difficult budget environment has challenged the Department and our partners to implement programs more efficiently than ever. These three policy changes to be implemented in 2012 will be continued and likely expanded in 2013. We ask for your understanding and cooperation in executing these changes, which are necessary to ensure the long term stability and availability of PBRA for all program participants.