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for Affordable Housing

Message from the President

Recently CARH published a position statement that supported transferring Rural Development funding responsibility to the Department of Housing and Urban Development. The CCAH board disagreed with the position issued by CARH and responded accordingly. The Section 515 Rural Development Multi-family Rural Rental Housing Program administered by Rural Development is one of the few resources that enables the very low-income and low-income renters in rural America to access decent, safe, and affordable housing. For your information, we have included our response to the CARH position statement on page 4 of this newsletter.

In addition, we have been focusing on educational opportunities for our members as well as planning our 2010 Annual Meeting. This year marks our 25th Anniversary, and we have a fabulous celebration planned with some exciting events. You should already have your registration packages and hopefully you are making plans to join us for the celebration.

Our Education Committee has been very busy, and registration is wrapping up now for our Rural Development Nuts and Bolts Training courses being held in North Carolina in February and March. These sessions will include an informative afternoon session on water intrusion and mold remediation. We will have an Intermediate Tax Credit Training course conducted by AJ Johnson at our Annual Meeting in Myrtle Beach, South Carolina, in April, and we have booked Spectrum Seminars-Steve Rosenblatt for S.T.A.R. and C3P training courses coming up in October. These are all great training opportunities and we hope you will participate.

Thank you for your membership and your involvement in our organization. We look forward to celebrating our 25th Anniversary with you in sunny Myrtle Beach where hopefully the weather will be warmer and dryer!

Debbie Honeycutt
President

2010 Annual Meeting
April 25-27

Myrtle Beach Marriott at Grande Dunes Resort
Scroll to Page 7 for detailed information.

A Washington Report

Nooley R. Reinhardt

Nooley Reinhardt & Associates

Governmental Relations & Public Affairs Consulting Since 1981

TheNooley@gmail.com

January 25, 2010 - The Week That Was

I thought it appropriate to take a look at the significant events of last week from our perspective.

Most Overlooked, Perhaps

House Financial Services Committee Chairman Barney Frank's (D-MA) announcement that his panel would recommend "abolishing" Fannie Mae and Freddie Mac, which he has championed over the years, came as no surprise since the White House is working toward the same end.

However, he added that they intended to come up with an entirely new system of housing finance. Treasury Secretary Timothy Geithner, he of Wall Street and little knowledge of housing programs, said the Obama Administration shared the goal but probably wouldn't tackle housing finance until 2011.

Seemingly, the focus is on single-family mortgage finance. But just because the LIHTC program has been so successful and efficient does not mean that the tinkers on both ends of Pennsylvania Avenue can resist looking at affordable multifamily housing assistance.

We're talking about legacies, folks.

And—here come my liberal friends beating on my head—the Obama Administration has not even given a wink and nod in favor of legislation helping the affordable housing industry—let alone offered outright support.

Jobs Bill

The House before Christmas quietly passed a \$174 billion jobs bill (and Democrats certainly don't want it called a stimulus measure) which included \$1 billion for the a new National Housing Trust Fund but nothing that would offer a more immediate stimulus (oops) for badly needed affordable multifamily housing.

The Senate Democrats will float their own \$170 billion jobs bill this week—a bill expected to be very similar to the House bill. There was impressive support for inclusion of some of our recommendations. But some of those who were House members when the FmHA Section 515 program

was gutted and are now Senate leaders have shown little enthusiasm for our amendments—and, again, the same with the White House.

Massachusetts Massacre/Miracle

The denial of Senate Democrats of a 60th seat to sustain its "filibuster proof majority" (a misnomer if there ever was one) will have an immediate impact on some major legislation and a secondary effect on almost everything else.

For example, the Extenders Act of 2009, which contains a one-year extension of our 9 percent tax credit exchange program, passed the House before Christmas with only two Republican votes. The vote was political, not because of opposition to most of the extenders or budget concerns.

The extenders appeared to have sufficient support in the Senate to pass, but with Democrats now with only a 59-41 majority, it will be a telling vote when the Senate considers the annual extenders bill, which is normally non-controversial

In addition, the Democratic losses in Massachusetts, Virginia, and New Jersey put even more focus on gubernatorial and state legislative races because the 435 House seats will be reapportioned after the 2010 census.

Current estimates are that Arizona, Florida, Georgia, Nevada, South Carolina, Texas, Utah, and Washington will each gain one House seat.

The states that would lose House seats are Illinois, Iowa, Louisiana, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio (2), and Pennsylvania.

The Supremes and Campaign Finance

Republicans and Democrats joked that Senate Minority Leader Mitch McConnell (R-KY) almost smiled when last week's Supreme Court controversial decision on campaign funding from corporations, labor unions and, to stretch the

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**A Washington Report
continued from page 2**

point, environmental and other lesser public interest organizations came down.

This will make an already wild year seriously crazy.

Final Note

President Obama and some Members of Congress, particularly in the Senate, are pushing for a statutory fiscal commission, along the lines of the Military Base Closing

Commission, which would make Congress vote up or down on recommendations to deal with solutions to the nation's fiscal problems.

And Congress will do what?

Properties Training & Education

The 2010 CCAH Annual Meeting in Myrtle Beach will offer intermediate tax credit training with A. J. Johnson Consulting Services, Inc. on April 25 – 27. AJ personally provides all the training and brings over 30 years of development and management experience to every event. You don't want to miss this opportunity.

This fall the Council will sponsor a Spectrum Seminars C3P (LIHTC) training event in Greensboro, North Carolina, on October 19-20, 2010, and a Spectrum Seminars S.T.A.R. (Rural

Development 515) class in Columbia, South Carolina, on October 21-22, 2010. Details and registration information will be coming to your e-mail Inbox soon.

As always, if you have any suggestions for any additional educational topics, please feel free to contact one of the PTE committee members by e-mail listed on our Web site.

Welcome to Our Newest Members

1. Nan McKay Associates (www.nanmckay.com)
2. Southwood Corporation (www.southwoodcorp.com)
3. Douglas Development (dd@douglascoinc.com)
4. Moldstoppers (www.moldstopperonline.com/moldstoppersremediation.com)

Carolinas Council for Affordable Housing

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December 17, 2009

Ms. Coleen Fisher
Council for Affordable and Rural Housing
1112 King Street
Alexandria, VA 22314

Dear Ms. Fisher:

We recently received a copy of the "Position Paper on USDA's Aging Multifamily Rural Housing Portfolio" which was issued by our organization. One of the bullet points, "Transfer Rural Development funding responsibility to the Department of Housing and Urban Development (HUD) where housing is the focus" is particularly distressing to us.

HUD's interest in rural housing programs has always been limited, both by choice and legislative mandate. It has been said that the last time they showed much real interest in rural housing was in the late 1970's when the Section 515 funding was nearly one billion dollars per year, the 502 single family program was several times that and rural rental assistance contracts were for fifteen years.

HUD's only recent direct involvement with rural programs was the \$25 million Rural Housing and Economic Development program, replaced this year by a \$25 million Rural Innovations fund sought by the Obama administration. Some key Members of Congress were troubled by this minor intrusion into USDA programs.

For the purposes of housing policy, the authorization and oversight for both HUD and USDA housing programs is under the jurisdiction of the Financial Services Committee in the House and the Senate Banking, Housing and Urban Affairs panel. Funding for the two departments, however, have come from different appropriation subcommittees.

Rural Housing, for program and political reasons, has been funded through the two Agriculture Appropriations subcommittees. This makes sense from USDA's lead role in rural development and politically to provide both rural and urban support for all the programs handled by Agriculture Appropriations. As frustrating as it may be at times, USDA has a rural delivery system, a staff that is once again gaining experience after a decade of retirements and a commitment to rural America. On the other hand, HUD does not have, or if so to a much lesser degree, an adequate delivery system, a specifically trained staff (USDA and

Letter to CARH
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HUD programs are so vastly different) or a rural development mandate with strong support of both housing and appropriating committees.

We might also respectfully suggest, as has Secretary Donovan, that just doing what the Obama Administration and Congress want done is more than a plate full at HUD. If starting over, Housing and Community development, both urban and rural, would probably be structured much differently than they are today (as would most of the government). As we watch what is happening in Washington and Congress, now does not seem the time to move some boxes around. No doubt that some of those boxes would very likely be lost in the move. We certainly do not want that to happen to the funding for the Rural Development programs.

As members of CARH we respectfully request that this position be reversed.

Sincerely,

Debbie Honeycutt
President
Carolinas Council of Affordable Housing

Solutions to Affordable Housing Financing Quandaries

By Jeff Banker

Reprinted with permission from Lancaster Pollard's *The Capital Issue* (Fall 2009) at www.lancasterpollard.com.

Government agencies and Government Sponsored Enterprises are continuing to help fill the credit void in the wake of the credit market meltdown, remaining committed to providing liquidity and bringing stability to the industry, even during this volatile market.

Demand for flexible financing and liquidity support options remains high, especially as developers of multifamily affordable housing find themselves facing a challenging market to secure commitments for permanent financing, or term loans coming due in a tight credit environment. Fortunately, various loan products are specifically tailored to provide affordable housing projects with permanent financing for new construction, rehabilitation, acquisition or refinancing.

While many affordable housing transactions involve projects with 4% or 9% low-income housing tax credits, most loan products for affordable housing are not restricted to tax credit projects, and most affordable housing projects that carry an affordability restriction are eligible to use them. Examples of funding elements

that include such affordability restrictions are HOME funds, local government funding or Community Development Block Grants.

Loan products specific to affordable housing can provide solutions to multiple issues, as they can be used, depending on the product, for immediate fundings, forward commitments (take-out financing) and as credit enhancement for both fixed- and variable-rate tax-exempt transactions, along with liquidity support for variable rate transactions.

Forward Rate Lock Option: A solution when permanent financing cannot be found

A forward rate lock provides a fairly versatile option to lock in a permanent financing interest rate prior to the completion of construction. This can help protect the borrower from interest rate fluctuations because the interest rate can be locked up to 30 days prior to construction completion. When construction is complete, permanent financing with a fixed interest rate for the term of the

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Solutions to Affordable Housing Financing Quandaries continued from page 5

loan will be in place, eliminating the uncertainty of obtaining permanent financing and concern about unfavorable interest rates. The forward rate lock option can be used for new construction projects or substantial rehabilitation projects.

Immediate Funding Option: A solution when borrowers need to replace a permanent funding commitment.

Many affordable housing projects have changed considerably since they closed on construction financing. In many instances, financial institutions that had committed to permanently finance projects upon completion have been unable to provide the permanent commitment. This problem creates a domino effect: Equity pay-ins may be predicated on the project delivering permanent financing, so any delay in obtaining permanent financing can delay or stop equity payments at a critical time. Further complicating matters, the construction lender is eager to have its loan repaid, and as most construction loans are recourse, this can create a thorny situation for the borrower.

The immediate funding option can be an excellent fit in this situation. In many cases the project has been built and has leased up, or will soon. This makes the underwriting of the take out loan much easier because actual financials can be used with appropriate accruals, and most of the information required to complete a loan is readily available. Processing time is typically faster than other loan programs, which means the borrower should be able to secure financing in the current low interest rate environment.

Credit Enhancement

For projects using 4% tax credits, various loan products can be used to provide credit enhancement for both fixed-rate and variable-rate transactions. In the case of a variable-rate transaction, this same enhancement structure will also provide liquidity support for puts by the bond holders.

Preservation Tools

Projects approaching their initial compliance period can turn to affordable housing-specific loan products as a preservation tool. Typically the investor is interested in “winding up” its investment, and the term loan that was originally placed on the project is more than likely coming due.

Many projects still have some use restrictions in place as part of the extended use period, even if the initial compliance period has expired. Affordable housing-specific loan products that refinance existing debt are an excellent fit for this fact pattern. They can be used to refinance and perform deferred maintenance while keeping the development within its respective portfolio. Additionally, they permit equity take-outs.

Loan products designed for affordable housing can also be used in a more straightforward approach to reduce debt service. They can be utilized to simply refinance a higher interest rate, provided breakage fees from the current lender are not too onerous.

Processing Time and General Requirements

These transactions have the advantage of being fairly fast. It typically takes less than 60 days from initial mortgage banker engagement to loan package submission. As a delegated underwriter, the mortgage banker ensures the loan fits within stated guidelines. If it fits the guidelines, approval should come quickly.

Loans completed in this manner do not require prevailing wage, and they can allow for subordinate financing in some cases. Subordinate financing can include “must pay” amounts or deferred payments made out of available cash flow. The subordinate loans will need to conform with program rules.

Financing solutions that fit well with each phase of the development of an affordable housing project are still available even in this market. From permanent financing to refinancing or renovating a stabilized project, these affordable housing-specific products provide an excellent resource amid credit market uncertainty.

**Carolinas Council for Affordable Housing
2010 Annual Meeting
April 25-27
Registration Information**

No e-mail registrations! Company check/payment must accompany registration. We do not accept credit cards or personal checks. **Early Bird registrations must be postmarked on March 15, 2010.** Mail-in registration must be postmarked no later than April 9, 2010.

Registration at the door is \$375 per person.

Cancellations must be made in writing. Cancellations received prior to April 1, 2010, will receive full refund. Cancellations received after April 1 and prior to April 10, 2010, will be charged a \$100.00 cancellation fee. Cancellations after April 10, 2010, will receive no refund.

Registration Fees

Registration deadline April 9, 2010

	<u>Before 3/15</u>	<u>After 3/15</u>
Member Registration (includes lunch)	\$225	\$275
Members' PTE credits will be deducted at \$60 per attendee until all credit is used. PTE credits may be used ONLY for those attending the A.J. Johnson education training. For PTE credit balance, call or e-mail the CCAH office.		
Non-member Registration (includes lunch)	\$275	\$325
Government Personnel Registration	\$125	\$125
Spouse/Guest (does not include meetings)	\$50	\$75
Golf (please provide handicap)	\$89	\$100

**Please use the registration form: Download at www.carolinascouncilforaffordablehousing.com
(copy and paste URL in your browser)**

Mail Registration and Payment to:
CCAHA

388 Cross Point Road
New Hill, NC 27562

Need more information? Have questions?

Contact: Nancy Cross, Executive Director • Email: cchboard@aol.com • Phone: (919) 774-7713

**Carolinas Council for Affordable Housing
2010 Annual Meeting
April 25-27
Hotel Registration and Information**

Myrtle Beach Marriott at Grande Dunes Resort

TO MAKE RESERVATIONS CALL: (843) 449-8880

CCAH has negotiated a special room rate of \$153.00 per night (double occupancy) plus applicable taxes and surcharges. Additional persons in the room will be charged \$20.00.

This room rate applies only to reservations made prior to March 25, 2010.

Our block of rooms will be released on March 25, 2010 at midnight.

Check in: 4:00 P.M. Check out: 12:00 P.M.

Government per diem will be honored with government identification.

DIRECTIONS

Myrtle Beach Marriott at Grande Dunes Resort

8400 Costa Verde Drive • 82nd Parkway and Ocean Boulevard

Phone: (843) 449-8880

From the South: Take US-17 Bus./17 Bypass North, turn right onto 82nd Parkway, turn right into the hotel.

From the North: Take US-17 South, turn left onto 82nd Parkway, turn right into the hotel.

The resort is in Myrtle Beach, **NOT** North Myrtle Beach, and is oceanside, **NOT** on the inter-coastal waterway.

Meeting Notes

Sunday Reception: We will serve a **HEAVY HORS D'OEUVRES BUFFET.**
7:00-8:30 P.M. • Atlantic VI-VIII

Monday Reception: 25th ANNIVERSARY CELEBRATION

The Celebration will be from 8:00 P.M. until midnight.
Oleander Ball Room on the lower level.

We will have food, bar, and lots of prizes!
A DJ will be playing beach music and we'll have a dance floor.
Wear your beach attire for the party!

Properties Training and Education Notes

A. J. Johnson will present
Management of Low-Income Housing Tax Credit Projects

Intermediate Requirements

Monday, April 26, 2010

9:00 A.M. - 4:30 P.M.

Meeting Room: Atlantic VIII

This course is designed for more experienced managers, supervisory personnel, investment asset managers, and compliance specialists. Included is a more in-depth discussion of income verification issues as well as a discussion of minimum set-aside issues, optional fees and use of common areas. The Available Unit is covered in great detail as are the requirements for units occupied by students. Attendees will also learn the requirements relating to setting rents at a tax credit property. This course will include some practice problems but is more discussion-oriented. This is a full-day course.

Golf Tournament: At Pine Hills Golf Course.

Join the fun and win some prizes!

Captain's choice allows all golfers (ladies and gents) to contribute to the fun.

Sign up early!

Arrive at **9:00 am** and we will tee off at **9:45 am** sharp!

Fees include golf cart and prizes.

Boxed lunches will not be provided.

Exhibitors' Notes

Exhibit Hall is in Atlantic VI and VII

PLEASE NOTE: Sunday reception, Monday breakfast, and breaks will ALL be held in the exhibit hall. Please plan to be in your booth during these events.

Exhibit table size is 2 x 6 feet. Each table will be draped and has two chairs.

You will be able to set up your exhibit on Sunday, April 25 at 11:00 A.M.

Exhibits must be cleared from exhibit area by Monday, April 26, after 4:00 P.M. but no later than 9:00 P.M.

The Resort does not have a storage area for display items shipped ahead.

25th CCAH Anniversary T-Shirts

Don't miss out on the fun!

Order your special CCAH 25th. Anniversary T-shirt now!

Pick your favorite color (or order several!) and wear it to the Anniversary Celebration parties at the Annual Meeting with your appropriate beach wear.

Don't forget your flip flops!

Price per shirt: \$10.00

Available colors: White, Pink, Purple, Black, Kiwi Green. Orange

Sizes: S, M, L, XL, XXL, XXXL

► Orders must be received by CCAH Office no later than March 5, 2010 ◀

To view colors and to download your order form, go to the Council's Web site:

<https://carolinascouncilforaffordablehousing.sslpowered.com/carolinascouncilforaffordable-housing.com/Anniversary%20T-shirts.pdf>

**Carolinas Council for Affordable Housing
Annual Meeting 2010**

Marriott Grande Dunes, Myrtle Beach, South Carolina

April 25, 26, 27, 2010

SPONSORSHIPS and EXHIBIT OPPORTUNITIES

- Platinum Sponsor \$500.**
Appropriate signage at all events. Business-card-size ad in registration material.
One set of mailing labels of CCAH Members. Free exhibitors table (\$65 additional for electricity).
Includes lunch and receptions for one person. I will use the free exhibitors table.

- Gold Sponsor \$350.**
Appropriate signage at receptions and lunch. Business-card-size ad in registration material.
One set of mailing labels of CCAH Members. Includes lunch and receptions for one person.
(Does not include exhibitors table.)

- Silver Sponsor \$250.**
Appropriate signage at breaks. Business-card-size ad in registration material.
One set of mailing labels of CCAH Members. (Does not include exhibitors table.)

- Exhibitors table \$300.** (Fee does not include social events.)
Exhibits begin on Sunday at 7:00 P.M. and end on Monday at 4:30 P.M.

- Electrical Service \$65.** (Please check this box if you need electrical service)

Payment (checks only, we do not accept credit cards) must be received before March 28, 2010, in order to receive recognition. Please mail business card with registration (do not staple).

My check for \$ _____ is enclosed, check # _____

Name: _____ Company: _____

Address: _____

City/State/Zip: _____

Phone: _____ Fax: _____

E-mail address: _____ I will attend the Monday luncheon.

Sponsorship Deadline Date: March 28, 2010

Please enclose business card (do not staple)

Please return form and payment to: CCAH • 388 Cross Point Road • New Hill, NC 27562
Phone: 919-774-7713 Fax: 919-774-7713 Email: ccahboard@aol.com

CAROLINAS COUNCIL FOR AFFORDABLE HOUSING

**Proposed 2009 Annual Meeting Agenda
Myrtle Beach Marriott Grande Dunes Resort
April 19-21, 2009**

General Meeting

Sunday, April 19, 2009

Location

9:45 A.M.....	Golf Tournament.....	Myrtlewood Golf Course
2:00-6:00 P.M.....	Registration.....	Group Alcove
6:00 P.M.....	Board Meeting.....	Heron
7:00-8:30 P.M.....	Welcome Reception.....	Atlantic 4
HEAVY HORS D'OEUVRES BUFFET		

Monday, April 20, 2009

7:30-8:30 A.M.....	Continental Breakfast.....	Atlantic 4
8:00-11:00 A.M.....	Registration.....	Group Alcove
8:30 A.M.....	Welcome/General Business Meeting.....	Atlantic 4
	<i>President Debbie Honeycutt</i>	
9:00 A.M.....	Understanding Your Communication Style	Atlantic 1, 2, 3
	<i>Angel Tucker</i>	
10:15 A.M.....	Break.....	Atlantic 4
10:30 A.M.....	Understanding Your Communication Style	Atlantic 1, 2, 3
	<i>Angel Tucker</i>	
12:00 Noon.....	Luncheon.....	Oleander Ballroom
	USDA Annual Awards & Golf Awards	
1:20 P.M.....	Washington Update	Atlantic 1, 2, 3
	<i>Nooley Reinhardt</i>	
1:40 P.M.....	CARH Update	Atlantic 1, 2, 3
	<i>Lyan Pernala, Director of Policy and Advocacy</i>	
2:00 P.M.....	Break.....	Atlantic 4
2:15 P.M.....	Compliance Agency Panel	Atlantic 1, 2, 3
4:00 P.M.....	Adjourn.....	
6:30 P.M.....	Reception.....	Atlantic 4

Tuesday, April 21, 2009

7:30 A.M.....	Continental Breakfast.....	North Hall
8:00 A.M.....	Registration.....	Group Alcove
8:30 A.M.....	Announcements.....	Atlantic 1, 2, 3
	<i>President Debbie Honeycutt</i>	
8:45 A.M.....	Preservation Agency Panel	Atlantic 1, 2, 3
9:45 A.M.....	Break.....	North Hall
10:00 A.M.....	National RD Update	Atlantic 1, 2, 3
	<i>Carlton Jarrett</i>	

10:30 A.M.....	Gang Awareness	Atlantic 1, 2, 3
	<i>Michelle Proper, SLED</i>	
11:45 A.M.....	Prize Drawing (Must be present to WIN!).....	Atlantic 1, 2, 3
11:45 A.M.....	Closing Remarks.....	Atlantic 1, 2, 3
	<i>President Debbie Honeycutt</i>	

Properties Training and Education*

Monday, April 20, 2009

9:00 A.M.....	USDA Rural Development Nuts & Bolts.....	Tides 2
10: 15 A.M.....	Break.....	Atlantic 4
10:30 A.M.....	USDA Rural Development Nuts & Bolts.....	Tides 2
12:00 Noon.....	Luncheon.....	Oleander Ballroom
1:15 P.M.....	Fair Housing.....	Tides 2
2:00 P.M.....	Break.....	Atlantic 4
2:15 P.M.....	Fair Housing.....	Tides 2
4:30 P.M.....	Adjourn	

***PTE Participants - You will need to bring a calculator, pen/pencil, highlighter, etc.**