

CAROLINAS COUNCIL FOR AFFORDABLE HOUSING



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Message from the President

It would appear that 2009 was ushered in with many questions and changes in the affordable housing industry. It seems that the economic recession has affected us all in some way or another. The one thing of which we can be certain is that it will not be “business as usual.” Being in this business and understanding the need for affordable housing on a firsthand basis, we can only hope that our new administration will understand and treat affordable housing issues in a positive manner.

The first big test of our future direction was answered with the passing of the Economic Stimulus Package. Although we certainly wanted to see the acceleration of tax credits as a part of this package, we are hopeful there will be more opportunities to get at least some new production moving.

I am confident that those of us involved with the management side of affordable housing are going to experience some new challenges going forward. We are already seeing some tough markets in communities in the Carolinas where employers are reducing work forces. In addition, we are going to have to deal with applicants who have experienced financial problems through no fault of their own and are truly victims of the economy. These challenges may present new opportunities for apartment managers in their communities to provide affordable and safe housing to their neighbors who are struggling financially.

On a lighter side, the council is busy planning and promoting affordable housing educational opportunities in the Carolinas for 2009 and our annual meeting is just around the corner. We are excited and looking forward to seeing you all at our upcoming Annual Meeting at the Marriott Grande Dunes in Myrtle Beach, SC in just a few weeks.

Debbie Honeycutt

February 26, 2009

Annual Meeting

April 19-21

Myrtle Beach Marriott at Grande Dunes Resort
Scroll to Page 5 for information and forms.

A Washington Report

Nooley R. Reinhardt

Nooley Reinhardt & Associates

Governmental Relations & Public Affairs Consulting Since 1981

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March 2009

Economic Stimulus and Beyond

We, of course, could have used a few billion dollars more of funds in the nearly \$1 trillion economic stimulus bill (H.R. 1) Congress approved in February . . . and deserved it. After all, we have the textbook-perfect bi-partisan LIHTC program, the very vision of a public-private partnership that works and shovel-ready developments in every state that would both create jobs and help working families and the elderly with a home.

But it turns out that a billion dollars spread across the landscape just doesn't go as far as it used to. Tough times.

The affordable housing industry actually did well in the legislation with provisions allowing the exchange of credits for dollars and new HOME money—both for gap financing for credit properties the next couple of years.

A provision allowing investors to front-load (accelerate) the credit in the first three years of the investment period came very close to inclusion in the final bill. Part of the message from those negotiating the legislation was that there probably will be other opportunities for legislation that would help attract investors back to the LIHTC if the market does not turn around as soon as some hope.

There was resistance from White House housing and economic advisors to the acceleration and some other discussed tax credit amendments. As fast as this stimulus bill was put together and the hundreds of competing interests for attention, I am not going to read much into the Obama administration's reticence yet.

The legislative philosophy of how best to produce affordable housing is worthy of much further discussion and planning, however.

[Before leaving the discussion of the stimulus bill, I want to take a point of personal privilege (as they say in Congress) to say that while it often was not fun, it was a pleasure working with Bob Moss and David Gasson of Boston Capital and the Housing Advisory Group who devoted so much in the way of time, resources, and effort in our work on the legislation.]

House Democrats, in mid-March, have begun preliminary discussions about another stimulus package that would focus on bank rescue initiatives. But there is not much appetite in Washington or around the nation for even more spending at this point.

As those two great Senate friends—Everett Dirksen, Republican of Illinois, and Minnesota Democrat Hubert Humphrey—used to joke back when leaders of political parties actually liked each other and worked together: “A million here and million there, and it starts to add up to real money.”

The political situation—the really wild and crazy times are just beginning to start—is too volatile to realistically expect any tax legislation the rest of the year except for subject-specific action on major issues like health care. Legislation on the fringes of the LIHTC program is always possible, however. For example, discussions continue about modifying or eliminating the footprint requirements for CRA investments.

Regarding the CRA, it continues to amaze me that more than a few conservative legislators, economists, and pundits continue to hold out CRA as one of the culprits, one of the most culpable, factors underlying the economic collapse.

Program Funding

The Senate on March 11 gave final approval to a \$410 billion measure funding most government programs for the fiscal year that began on October 1, 2008. The government had been operating, as has become the norm, on a continuing resolution (CR) and had been limited to using about 43 percent of its FY2009 funds up to this time. Passage of the omnibus appropriations bill now allows agencies to use the full amount of their appropriated funds.

The Obama administration has sent Congress a very brief outline of its fiscal 2010 budget. Specific program spending levels will be sent to Congress in April, but many details will be left to the Congress.

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A Washington Report
continued from page 2

In its budget summary transmitted to Congress, the administration highlighted “full funding” of \$4.5 billion for CDBG, project-based rental assistance sufficient to “preserve” approximately 1.3 million affordable units, and \$1 billion to capitalize the first year of the National Affordable Housing Trust.

A short eight months ago when the housing trust was created in the Housing and Economic Recovery Act of 2008, it was expected that profits from Fannie Mae and Freddie Mac would be used to fund and sustain the new (very) low-income housing initiative.

The budget summary for USDA only references low-income housing programs as other programs that will be funded next year. And the HUD summary does not highlight HOME, Section 202, HOPE VI, or any programs other than those mentioned earlier.

While the Obama administration completes the details of its 2010 budget, Congress will be working on its ever-allusive budget resolution that sets its internal spending limits (goals) and does not go to the president for signature.

Then working from the president’s submittal and the limitations theoretically established in the Congressional Budget Resolution, the 13 major appropriations committees begin to work on program-by-program funding levels.

House and Senate leaders are promising that the appropriations bills will be considered individually (not eventually wrapped into one omnibus package), fully debated, and that those bothersome *earaches* known as *earmarks* will be eliminated or more transparent than ever. Democratic leaders also say the appropriations process will be finished by, or near, the start of fiscal 2010 on October 1.

A quick tutorial—The LIHTC is a permanent part of the tax code with a specified funding source and is not subject to the annual appropriations process. HUD and USDA housing programs, on the other hand, must go through the annual authorization and appropriations process and, in effect, compete for available funds.

Notes:

- HUD income limits for 2009 are expected, according to staff, by around April 1.
- In the midst of the flurry of activity in February, the House rejected a Republican effort to force Ways and Means Chairman Charlie Rangel to step down temporarily while the ethics investigation he requested is completed.
- As with the Treasury Department, top administration jobs at HUD and USDA are very slow to be filled.

If you have questions, please contact me at TheNooley@gmail.com

Properties Training & Education

The PTE (Properties Training & Education Committee) has been working overtime to plan some great training opportunities for you. They are currently working on an Advanced HUD Occupancy Update/Change 2 Revision to 4350.3/Income Calculation & Eligibility Verification class and a 515 Boot Camp/BAM class. These training sessions will enable you to use your PTE credits for the year. Details and registration information will be coming out soon.

The education committee also recommends you check out the new courses offered by NCHFA and the CARH partnership with Grace Hill online training.

Our committee would love for you to offer any suggestions for training needs. Please send any training requests to me at path@dtmanagement.com. We look forward to hearing from you.

Thanks,
Pat Hobbs

Welcome to Our Newest Member

Headquartered in Ohio, **The Woda Group** is a developer and management company with properties throughout Kentucky, Ohio, and West Virginia. Woda is currently expanding into the Carolinas. We’re happy to have them as members.

Thomas Barnwell Makes the News

Read about Thomas Barnwell Jr.’s proposal for a mixed-use development on his family’s land on Hilton Head Island. “It’s the best project I’ve seen since I’ve been on the council,” Councilman George Williams said during a rezoning hearing.

www.islandpacket.com/news/local/story/721159.html
www.islandpacket.com/news/local/story/739302.html

Owners, Developers Feel Cautious Optimism

By Carl Wagner and Ginger McGuire

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

Ginger McGuire and Carl Wagner gathered developer sentiment and explored legislative options at the January Council for Affordable and Rural Housing conference. They offer a summary of their experiences and learnings from the developers and owners in attendance.

Affordable housing developers who have been in the business since the 1980s are feeling a sense of déjà vu in today's tax credit market. During the January CARH meeting, many reminisced about the creativity required to get credits sold and deals done when tax credit buyers were unaware of or less comfortable with an equity strategy that had only recently come about.

More than 20 years later, they find themselves in a similar situation, as many investors in tax credits are no longer buying because of the uncertain economy. Standard buyers such as Fannie Mae and Freddie Mac, and larger banks hit hard by the sub-prime mortgage crisis, don't have income to shelter this year, eliminating a major incentive to invest in the credits. A panel of experts at CARH agreed that it will take a long time to entice traditional investors to return to the equity market, and normal transactions may look more like they did when the tax credit was first introduced, with multiple layers of financial sources.

Finding new investors is an absolute necessity these days, as most tax credit developers will attest. As one seasoned developer from New York put it, "We need to go back to our 1986 experiences and educate a new group of investors about affordable housing and LIHTCs as an investment."

Local rural and community investors are potential resources in this search for a new pool of tax credit purchasers, and discussions at CARH indicated that the primary targets appear to be community banks, individuals and local companies that are still profitable. The strategy is to find investors looking for the opportunity to support the community and still get a healthy return on their investment.

Tax credit syndicators, at least those who haven't pulled back and remain dedicated to the business, are actively making these non-traditional contacts and seeking new investors. In addition, several owners at CARH indicated that they are working on a deal-by-deal, community-by-community basis to explain the opportunities in LIHTC to profitable local businesses.

On a national level, some LIHTC enticements and other funding-related elements were included in the recently passed stimulus package, following input from the broader low-income housing tax credit industry. Included among the solutions were:

- \$2.25 billion in HOME funds to provide recently awarded projects the necessary gap funding to make up for lower tax credit prices
- Allow state allocating agencies to return a portion of their 2009 LIHTC allocation and unused 2008 credits to the Treasury in exchange for grant funds at 85 cents per dollar of credit.
- \$250 million in grants or loans for energy retrofits and green investments in HUD assisted multi-family and public housing properties (Section 202, Section 811 and Section 8 properties).

The bill did not, however, include the discussed provisions to allow investors to carry back the benefits of the credit to prior years, or to temporarily allow LIHTC investors to accelerate their tax benefits to the first few years of the 10-year period.

Further aid is expected. House Financial Services Committee Chairman Barney Frank announced that he and Congressman Charlie Rangel, Chairman of the Ways and Means Committee, plan to introduce a bill later in the year to address tax credit issues that are not resolved in the stimulus package. A one-two punch from these key legislators may help get the industry back on track and get housing built for lower-income renters.

Though the weakened economy has delayed or derailed many projects, these potential stopgaps and new resources helped create a general feeling of cautious optimism at the January CARH conference. For the near future, deals that make it to closing will have to be creative and may take more effort and underwriting time, and a lot of patience and head-scratching.

We at Lancaster Pollard will continue to work on creative, multi-source financing options and pay attention to the market and government activity. Until the market improves, we will gather as much information as we can and listen for the drum beat from the housing industry, investors and Capitol Hill. The market will improve eventually, and we look forward to communicating further with you on your upcoming and ongoing projects as we track these changing opportunities and work to continue to complete projects already under way.

Carl Wagner can be reached at (614) 224-8804 or cwagner@lancasterpollard.com. Ginger McGuire can be reached at (512) 327-7400 or gmcguire@lancasterpollard.com.

**Carolinas Council for Affordable Housing
2009 Annual Meeting
April 19-21
Registration Information**

No e-mail registrations! Company check/payment must accompany registration. We do not accept credit cards or personal checks. **Registrations must be received by 5:00 P.M. on March 20, 2009, to qualify for the discounted rate.**

Registration at the door is \$375 per person.

Cancellations must be made in writing. Cancellations received prior to April 1, 2009, will receive full refund. Cancellations received after April 1 and prior to April 10, 2009, will be charged a \$100.00 cancellation fee. Cancellations after April 10, 2009, will receive no refund.

Registration Fees

Registration deadline March 31, 2009

	<u>Before 3/20</u>	<u>After 3/20</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 attendees to the Education track. 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

Registration form is on CCAH's Web site: www.carolinascouncilforaffordablehousing.com/09RegistrationForm.pdf
(copy and paste 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: cacahboard@aol.com • Phone: (919) 774-7713

**Carolinas Council for Affordable Housing
2009 Annual Meeting
April 19-21
Hotel Registration and Information**

Myrtle Beach Marriott at Grande Dunes Resort

TO MAKE RESERVATIONS CALL: (800) 228-9290

Government-rate Registrations Only
Call Aimee Hamm directly: (843) 692-3719

Government per diem will be honored with government identification.

CCAH has negotiated a special room rate of \$145.00 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 20, 2009.

Our block of rooms will be released on March 20, 2009 at midnight.

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

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.**
We have extended the duration of the reception—more time to meet and greet! You will not need to go to dinner afterward!

Golf Tournament: At Myrtlewood 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, lunch and prizes.

Properties Training and Education Notes

USDA Rural Development Nuts and Bolts

Speakers: Bill Hobbs, Timothy Chandler and Barbara Owens

Suggested for: Property Managers and Site Managers

This is a chance to have all those nagging questions answered! Bring calculators and pencils.

Fair Housing

Speaker: Pat Green

Fair Housing is constantly changing! Learn about any new regulations or find out about those regulations that may have changed.

You will have the opportunity to ask questions.

This will satisfy your annual requirement for 2009!

Please Note: CCAH PTE Credit may be used ONLY for attendees who are attending the training session.

Exhibitors' Notes

Exhibit Hall is in Atlantic IV

PLEASE NOTE: Sunday and Monday receptions, 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 8 x 10. Each table will be draped and has two chairs.

You will be able to set up your exhibit on Sunday, April 19 at 11:00 A.M.

Exhibits must be cleared from exhibit area by Monday, April 20, after 7:30 P.M. but no later than 9:00 P.M.

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

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.**

**Carolinas Council for Affordable Housing
Annual Meeting 2009
Marriott Grande Dunes, Myrtle Beach, South Carolina
April 19, 20, 21, 2009
SPONSORSHIPS**

- 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.)
- 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 20, 2009, 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 20, 2009

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