

CAROLINAS COUNCIL FOR AFFORDABLE HOUSING



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for Affordable Housing

Message from the President

The Carolinas Council for Affordable Housing is gearing up for the Annual Meeting taking place May 1-3, 2011, at the Myrtle Beach Marriott Resort at Grand Dunes in Myrtle Beach, South Carolina. Last year's meeting had over 250 participants and was an enormous success, and we expect this year to be even better!

This year's agenda has been set, and we have a number of great speakers scheduled to discuss the ever-changing Washington climate, smoke-free housing initiatives, and tips for dealing with the current bedbug epidemic. We also have Mr. Matt Jones on the schedule. Mr. Jones is a three-time cancer survivor and author of two books. He will be sharing his inspiring personal story.

The Professional Training & Education Committee has also planned a session that will give valuable insight into appropriate methods for handling reasonable accommodations and modification requests.

2011 is shaping up to be a great year! If you are not a member of CCAH, please consider joining us now so you can stay in touch with all the relevant changes affecting the affordable multifamily housing industry. Likewise, don't miss this wonderful opportunity to network with your colleagues at our Annual Meeting at the beach! If you would like information about becoming a member, please contact anyone on our Board or the CCAH office at CCAH-BOARD@aol.com, and we will be more than happy to assist you.

To our members – thank you for your continued support of the Council. We sincerely appreciate your feedback and suggestions. We are continually trying to respond to your ideas and questions, and look forward to seeing everyone in Myrtle Beach for some great training, networking, and the opportunity to build new relationships and to strengthen the partnerships that are currently in place! See you at the beach!

Scott Alderman, President

Annual Meeting News

The CCAH Office and 2011 Annual Meeting Committee has learned that **Tammye Trevino**, Administrator for Housing and Community Facilities Programs in USDA Rural Development, will be attending the CCAH 2011 Annual Meeting in Myrtle Beach, SC. Ms. Trevino will be a part of the meeting agenda. The day and time of her remarks is yet to be determined.

A Washington Report

Nooley R. Reinhardt

Nooley Reinhardt & Associates

Governmental Relations & Public Affairs Consulting Since 1981

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The Budget Impasse for non-security discretionary domestic funding for the current fiscal year ending September 30 will not be resolved by the time you read this, and the government could even be shutdown.

While struggling with the immediate problem, Congress has also begun hearings on the Obama administration's FY2012 budget proposals.

The **tax-writing committees** in the House and Senate have also eased into their odyssey on tax reform with only a vague consensus on where to start, where they are going, and what is on or off the table is expected to be a multi-year adventure.

The Congressional **budget committees** are also looking at the hundreds of "tax expenditures" (tax credits, tax breaks, however you prefer to refer to them) that include the Low-Income Housing Tax Credit.

For the remainder of this fiscal year, funding for Sec. 521 [rural] rental assistance and HUD's rent assistance programs are most important for us. Congress appears in agreement to provide adequate funds for those programs in its appropriations (Continuing Resolutions) bills. Section 515 and 538 funding levels are also preserved, but HOME and some other affordable programs take hard hits.

Brief funding lapses are actually not that unusual, but the longer 1995 government shutdown, with all of its political fallout, is the standard for comparison. Unless you are running for office in 2012, a relatively short shutdown probably isn't that significant.

A real crisis could occur this spring when an increase in the statutory limit on the outstanding public debt of the United States is required to protect the full faith and credit of the country.

In addition to tax policy, or reform, the fiscal '12 Budget is our major concern. The Obama recommendations marginally provide sufficient rural rental assistance and recommend zero funding for Section 538 rural rental housing loan guarantees and a large number of smaller rural housing initiatives. Section 515 funding, using Administration HOME, CDBG, and aging programs would experience deep cuts.

The most encouraging provisions in the Obama recommendations include greater income flexibility in mixed-occupancy projects and incentives to use tax-exempt bonds for preservation, rehab, and recapitalization of government-assisted properties.

On tax reform, few, hardly anyone, expect major legislation until 2013. In fact, the Senate Finance anticipates two years of almost weekly "discussions" on tax issues.

The Obama administration wants to begin the process with corporate tax reductions coupled with the closing of "loopholes" to keep tax reform revenue neutral. Generally, the opposition agrees with corporate tax rate cuts, but without the elimination of tax preferences which they say would be tantamount to tax increases.

Part of the early debate on corporate tax reform is the treatment of "flow through" entities, small businesses that file individually.

A small bipartisan group from both bodies favors pursuing corporate and individual tax reform, perhaps not of the magnitude of 1986, however, simultaneously.

A Washington Report
continued from page 2

Further, there is a small but influential bipartisan, bicameral group that believes strongly that revising the tax code should be part of the larger deficit reduction process rather than keeping it revenue neutral as proposed by the Administration. And there are those who are equally adamant that tax reform and deficit reduction should be addressed independently of one another.

It is easy to keep subdividing the many factions in Congress and within the Obama Administration, but you get the idea.

The debate over Fannie and Freddie, and the proper role of government in mortgage finance, continues with no quick resolution anticipated.

A subset of that debate beyond home mortgages is the multifamily, conventional and affordable, sector which has never been part of the larger problem (mess). Indeed, multifamily has been a success story for the two GSEs.

The concern invokes the old cliché of not throwing the baby out with the bath water.

Treasury Secretary Geithner says he wants the Fannie/Freddie debate concluded within two years.

I will leave you with what has become my own cliché:

There is a lot going on in Washington, but not much happening.

Annual Meeting Planning Committee

The Committee has been hard at work to bring our members an interesting and informative conference this year. (I don't know if we can top last year, though!) We think you will enjoy all of the presenters this year, but we are especially excited to have Matt Jones, a three-time cancer conqueror and motivational author and speaker from Costa Mesa, California, who will give us winning strategies for personal and professional success in his hour-long presentation, "Life's a Marathon."

One other "special" thing we are doing this year is the SHARE OUR SHOES charity drive for Haiti, so be

sure to bring some "gently used" shoes to donate. Read all about it on the CCAH Web site.

Look for your registration packet in the mail, scroll down or turn to page 6 of this newsletter, or log on to the CCAH website at www.carolinacouncilforaffordablehousing.com.

See you in Myrtle Beach!

Linda Wall
Chairperson

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- ***Golfers with rain checks from 2010:*** Please indicate on the registration form and bring your rain check with you!

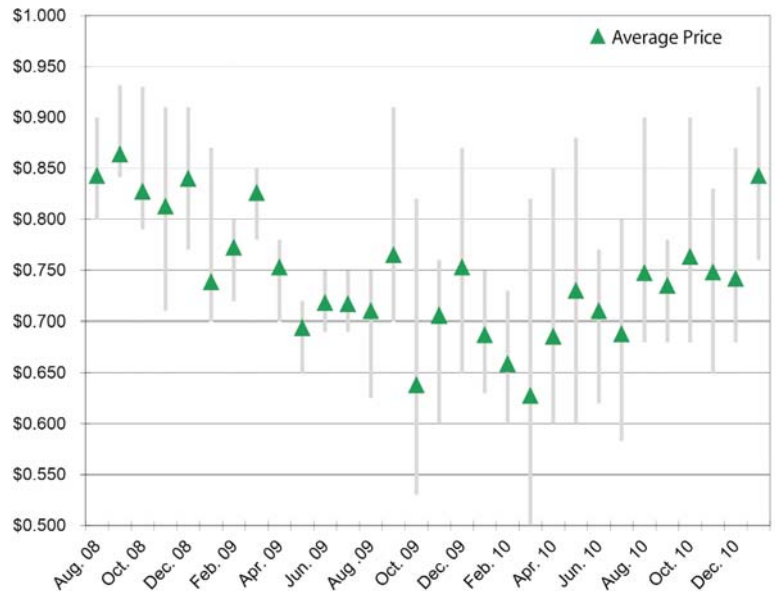
Considerations When Considering Bonds in 2011

By Brian Coate

Reprinted with permission from Lancaster Pollard's *The Capital Issue* (Winter 2011) at www.lancasterpollard.com.

After a three-year slump in which the market for them evaporated, 4% low-income housing tax credits are starting to return as an equity option for affordable housing developers. In larger markets, developers have been able to find investors willing to purchase 4% tax credits at competitive rates. This year, banks will continue to need Community Reinvestment Act credit, and more banks are expected to report profits, which should increase their demand for both 4% and 9% low-income housing tax credits (LIHTCs).

While pricing has not recovered to 2008 levels of around 85 cents on the dollar, it has improved dramatically over this time last year, when a dollar of credit provided less than 65 cents of equity. Currently average pricing has hovered around 75 cents with recent numbers approaching 80 cents in larger markets. Sophisticated developers have been negotiating their own tax credit pricing with their banks and have been re-pricing projects with multiple syndicators. With new investors in the market, such as Google and larger insurance companies, pricing is expected to improve in the coming year. This means that there is more equity money available in 4% tax credit projects, making them a more viable financing option.



The slow revival of non-competitive equity, and agency-enhanced bonds' ability to provide competitive construction financing, behooves borrowers to once again put tax-exempt bonds on the table alongside taxable notes and compare the cost of capital and other benefits, opportunities and concerns. There are several reasons enhanced tax-exempt bond transactions can provide competitive financing:

- Unlike 9% tax credits, most states do not have strict timing restrictions on when 4% applications can be submitted, so funding cycles can be more flexible. This benefits borrowers that seek acquisition financing or have existing loans with hard maturity dates.
- Even when tax-exempt interest rates are only slightly lower than taxable rates, the cost savings can be considerable for larger projects, which have economies of scale and can offset the extra closing costs associated with tax-exempt bonds.
- Newer rehabilitation projects that do not require extensive repairs can use tax credits to limit the equity required at closing.

Staying on top of the taxable/tax-exempt comparison and on various enhancements' availabilities will help attentive borrowers adapt their plans to capitalize on the most cost-effective methods. To do this, borrowers pursuing capital in 2011 will need to do the math, investigate available bond enhancements, and stay abreast of pending regulatory and budgetary changes to ensure they are aware of and have access to every option.

Do the Math

Tax-exempt bonds' additional closing costs, including negative arbitrage escrows and fees for trustees, underwriters and attorneys, have historically been offset by the lower interest rates provided by tax-exempt bonds. From 1981 through 2006,

Considering Bonds in 2011
continued from page 4

the interest rate on 30-year, AAA-rated, tax-exempt municipal bonds on the last day in December was an average of 88% of the interest rate on 30-year taxable Treasury notes. Few anomalies disrupted this fairly steady relationship, which, while not an exact comparison of the rates housing borrowers were receiving, provides a comparable point of reference.

For the past couple of years, however, the need to run cost comparisons of taxable and tax-exempt bonds was moot: taxable loans were going to be less expensive every time. Since 2008, the tax-exempt securities noted above have averaged higher interest rates than 30-year taxable Treasury notes.

Tax-exempt bonds have simply been more costly and, since 4% tax credits were drawing few investors, they did not even offer much access to tax credit equity.

In the past several months, tax-exempt pricing has begun to drop again, if slowly. The ratio at the start of 2011 was 106.8%. On average, it has trended downward since then and was at 102.6% on Feb. 17.

With the market fluctuation and uncertainty, borrowers should work with their lenders to monitor the impact of further potential drops in the interest cost of tax-exempt bonds and the related ability to access 4% LIHTC equity.

Investigate Enhancement

Currently, one of the greatest challenges with both taxable and tax-exempt bonds is finding an investor willing to buy bonds at an interest rate affordable to the borrower. Few affordable housing developers can issue highly rated investment-grade debt on their own credit strength. Fortunately, numerous options exist to enhance a bond offering and increase its appeal to investors.

Fannie Mae, the U.S. Department of Agriculture, the Federal Housing Administration, and Standard & Poor's each offer credit enhancement options that can be utilized with tax-exempt (or taxable) bonds. While raising the credit rating on a tax-exempt bond issuance may not reduce the interest rate to below taxable levels, it may bring it down low enough to make it affordable to a borrower who could then have access to 4% LIHTC equity, without the competitive 9% tax credit application process.

Each of these enhancements has its own restrictions and nuances. Borrowers should seek a lender familiar with both tax-exempt underwriting and various enhancement types in order to receive the most comprehensive capital cost comparison.

Keep An Eye on the Hill

Major regulatory and budgetary changes on the horizon would affect LIHTC financing options. In its Feb. 11 report to Congress, the U.S. Treasury Department included two 2012 budget proposals that would change the way LIHTCs are calculated. The first proposal would allow income averaging, which would allow more tenant flexibility for owners. The second proposal would allow a 30% basis boost for certain "bond financed projects in the context of preserving, recapitalizing and rehabilitating existing affordable housing." This also would increase the number of projects that could qualify for tax-exempt financing. The "Reforming America's Housing Finance" report includes strong support for the affordable rental market, saying, "[t]he Administration will explore ways to provide greater support for rental housing. One option would be to do so by expanding FHA's capacity to support lending to the multifamily market."

Many of the proposed plans mandate that the programs be able to fund themselves, a requirement Lancaster Pollard believes would ensure their long-term sustainability. The Obama administration also plans to increase partnerships with private lenders and industry experts to improve the viability of these sweeping changes. Partnering with an experienced development and financing team is more important than ever to ensure borrowers remain compliant with changing regulations and make use of some very positive proposed changes.

Conclusion

The market for tax credits has expanded into non-traditional buyers, and demand is forecast to continue to rise in the near future. While the relationship between taxable loans and tax-exempt bonds will not revert immediately to more typical ratios, affordable housing borrowers who stay on top of market movements and changing program regulations will be better prepared when more viable tax-exempt opportunities arise.

**Carolinas Council for Affordable Housing
2011 Annual Meeting
May 1-3
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 April 1, 2011.** Mail-in registration must be postmarked no later than April 20, 2011.

Registration at the door is \$375 per person.

Cancellations must be made in writing. Cancellations received prior to April 1, 2011, will receive full refund. Cancellations received between April 2 and April 19, 2011, will be charged a \$100.00 cancellation fee. Cancellations after April 20, 2011, will receive no refund.

Registration Fees

Registration deadline April 20, 2011

	<u>Before 4/1</u>	<u>After 4/1</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 (receptions only)	\$50	\$75
Golf (please indicate your handicap)	\$89	\$100

► Golfers with rain checks from 2010: Please indicate on the registration form and bring your rain check with you!

Please use the registration form: Download at www.carolinascouncilforaffordablehousing.com/cccalendar.htm. (copy and paste URL in your browser). Payment must accompany registration form. We do not accept credit cards.

**Mail Registration and Payment (company check only) to:
CCA**

**388 Cross Point Road
New Hill, NC 27562**

We do not accept e-mail or faxed registrations. Need more information? Have questions?
Contact: Nancy Cross, Executive Director • Email: ccahboard@aol.com • Phone: (919) 774-7713

**Carolinas Council for Affordable Housing
2011 Annual Meeting
May 1-3
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 31, 2011.

Our block of rooms will be released on March 31, 2011 at midnight.

Check in: 4:00 P.M. Check out: 11:00 A.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 IV

Monday Reception:

Light HORS D'OEUVRES
6:30-7:30 P.M. • Atlantic IV

Donations for Share Our Shoes Charity may be made in the lobby by the CCAH registration desk on Sunday and Monday only.

Properties Training and Education Notes

PROPERTY MANAGEMENT IS A MARATHON by Matt Jones
Attendees will begin their day with this inspiring presentation!
Each attendee will receive a copy of Matt Jones' book *Life's a Marathon*

FAIR HOUSING PRESENTATION
REASONABLE ACCOMMODATIONS AND MODIFICATIONS
Stella Adams, Director of THE NATIONAL FAIR HOUSING TRAINING ACADEMY
Stella will give you the nitty-gritty of dealing with these difficult issues on your properties as well as how to navigate the legal aspects of these thorny issues.

BEDBUGS!
After the afternoon break, all training attendees will move to the General Session in Atlantic V for presentations by both Dodson Pest Control and McNeely Pest Control. Bedbugs have become a serious problem for property and site managers. This complex issue can be very expensive to eradicate. Be sure to attend this session to learn how to best combat bedbugs.

► CCAH PTE Credit may be used ONLY for attendees who are attending the education training session.

Golf Tournament: At Myrtlewood Palmetto 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!

► ***Golfers with rain checks from 2010:*** Please indicate on the registration form and bring your rain check with you!

Arrive at **9:00 am** and we will tee off at **9:30 am** sharp!

Fees include golf cart and prizes.

Boxed lunches will not be provided.

CAROLINAS COUNCIL FOR AFFORDABLE HOUSING

**Proposed 2011 Annual Meeting Agenda
Myrtle Beach Marriott Grande Dunes Resort
May 1-3, 2011**

“Share Our Shoes” Charity drive for Haiti will be conducted on Sunday and Monday.

General Meeting

Sunday, May 1	Location
9:30 A.M.....	Golf Tournament.....Myrtlewood Palmetto Golf Course
2:00-6:00 P.M.....	Registration.....North Hall Group Alcove
6:00 P.M.....	Board Meeting.....Heron Board Room Lower Level
7:00-8:30 P.M.....	Welcome Reception.....Atlantic 4-5
	HEAVY HORS D’OEUVRES BUFFET
	Golf Tournament Awards

Monday, May 2

General Session

7:30-8:30 A.M.....	Continental Breakfast.....Atlantic 4
8:00-11:30 A.M.....	Registration.....North Hall Group Alcove
8:30 A.M.....	Welcome/General Business Meeting.....Atlantic 5 <i>President Scott Alderman</i>
8:45 A.M.....	Washington UpdateAtlantic 5 <i>Nooley Reinhardt</i>
9:15 A.M.....	CARH UpdateAtlantic 5 <i>Katie Alitz, CARH President</i>
10:15 A.M.....	Break.....Atlantic 4
10:30 A.M.....	Emergency PreparednessAtlantic 5 <i>Dan Warnock, The Hartford</i>
11:15 A.M.....	Smoke Free HousingAtlantic 5 <i>Joshua Sutter, Landura Management Assoc.</i>
12:00 Noon.....	Luncheon..... Oleander Ballroom Invocation by Danny Ellis USDA Annual Awards
2:00 P.M.....	Life’s a MarathonAtlantic 5 <i>Matt Jones</i>
3:00 P.M.....	Break.....Atlantic 4
3:20 P.M.....	Dealing with BedbugsAtlantic 5 Dodson Pest Control and McNeely Pest Control
4:15 P.M.....	Adjourn.....
6:30 P.M.....	Reception.....Atlantic 4

Tuesday, May 3

7:30 A.M.	Continental Breakfast.....	Atlantic 4
8:00 A.M.	Registration.....	North Hall Group Alcove
8:30 A.M.	Announcements.....	Atlantic 5
	<i>President Scott Alderman</i>	
8:45 A.M.	HUD Panel	Atlantic 5
9:25 A.M.	LIHTC Panel	Atlantic 5
9:55 A.M.	Break.....	North Hall
10:15 A.M.	RD Panel and National Office Update	Atlantic 5
11:50 A.M.	Prize Drawing (Must be present to WIN!).....	Atlantic 5
11:50 A.M.	Closing Remarks.....	Atlantic 5
	<i>President Scott Alderman</i>	
12:00 P.M.	Adjourn.....	

Properties Training and Education

Monday, May 2

9:00 A.M.	Property Management's a Marathon	Atlantic 1, 2, 3
	Matt Jones	
10:00 A.M.	Break.....	Atlantic 4
10:20 A.M.	Reasonable Accommodation and Modification ..	Atlantic 1, 2, 3
	Stella Adams	
12:00 Noon	Luncheon.....	Oleander Ballroom
	Invocation by Danny Ellis	
	USDA Annual Awards	
2:00	Reasonable Accommodation and Modification ..	Atlantic 1, 2, 3
	Stella Adams	
3:00 P.M.	Break.....	Atlantic 4

Note: Training will adjourn to Atlantic 5 for a presentation on dealing with bedbugs.

3:20 P.M.	Dealing with Bedbugs	Atlantic 5
	Dodson Pest Control and McNeely Pest Control	
4:15 P.M.	Adjourn.....	

Exhibitor Information

Exhibit Hall is in Atlantic IV

PLEASE NOTE: Sunday reception, Monday breakfast, and morning and afternoon breaks will ALL be held in the exhibit hall. Please be present 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 between 11:00 A.M. and 4:00 P.M. on Sunday, May 1.

Exhibits must be cleared from exhibit area by Monday, May 2, after 4:00 P.M. but no later than 6:00 P.M.

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

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, May 1, at 7:00 P.M. and end on Monday, May 2, 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 April 10, 2011, in order to receive recognition. Please mail business card with registration. (Please do not staple to the form.)

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

Name: _____ Company: _____

Address: _____

City/State/Zip: _____

Phone: _____ Fax: _____

E-mail address: _____

Sponsorship Deadline Date: April 20, 2011

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



SHOE DRIVE

We have partnered with Share Our Shoes, a shoe charity dedicated to providing shoes for those in desperate need. If you have shoes sitting in your closet that you do not wear, NOW is the time to donate them!

Did you know that there is an estimated 1.5 billion shoes sitting in closets nation wide?

At the same time there are MILLIONS without shoes in the world today!

YOU CAN HELP!

Shoes are not something you think about much....UNLESS you do NOT have them!

Help us recycle shoes for a WONDERFUL cause!

SOS, also needs funds to off-set the shipping cost of shoes to foreign countries. **IF** you are able to donate the suggested amt. of \$0.50-\$1.00 a pair, please attach your donation inside of an envelope to your donation of shoes with your name and mailing/email address written on the envelope.

Visit www.ShareOurShoes.org to see footage of there distributions of HUNDREDS OF THOUSANDS of shoes this year, to people in need HERE and around the WORLD!

When bringing your donation of shoes during our SOS shoe drive please rubber-band or tie all shoes together.

Thank you for your participation!

Shoe Drive Begins: *May 1, 2011* Shoe Drive Ends: *May 2, 2011*



www.ShareOurShoes.org

1107 Capital Blvd. Raleigh, NC 27603 | (919)805-3007 | info@shareourshoes.org

Share Our Shoes is a 501(C)3 non-profit organization recognized by the IRS. All donating Parties are eligible for tax benefits.