

CAROLINAS COUNCIL FOR AFFORDABLE HOUSING



Officers

Linda Wall
Weaver-Kirkland
Housing, LLC
President

Fran Whittenton
DTH Management Group
Vice President

Erica Vernon
Bernard Robinson &
Company, LLP
Secretary/Treasurer

Board of Directors

Scott Alderman
Landura Companies

Michael Blackburn
Formosa Management

Mike Holoman
Partnership Property
Management

Debbie Honeycutt
GEM Management, Inc.

Brandon Liles
Eastpoint Properties, LLC

Lee Van De Carr
Pendergraph
Management, LLC

Nancy Cross
Executive Director

Carolinas Council for Affordable Housing

388 Cross Point Road
New Hill, NC 27562
(919) 774-7713 (phone)
(919) 774-7713 (fax)
CCAHOBOARD@AOL.COM

Message from the President

Another year has come and gone. My, how time flies when you're having fun!

Here it is, April again, and big plans are being made for the 2014 Carolinas Council for Affordable Housing's Annual Conference and Business Meeting in Myrtle Beach. We are looking forward to a big turnout and another exciting Conference—April 27-29, 2014—and it will be here before you know it. You don't want to miss the exciting things that are in store for you.

We are pleased that everyone seems to enjoy the venue for our Annual Meeting – Myrtle Beach Marriott Grand Dunes Resort. That is why we continue to book this Resort for future meetings, and we are currently booked there through 2016.

I want to say “Thank You” to the Board Members and to Nancy Cross, our Executive Director, who have all worked diligently over the last year to carry on the business of the organization. The Education Committee has presented some awesome PTE Training Sessions. The Planning Committee has worked tirelessly to prepare the program for this year's meeting. If you have never served on the Board, you may not realize how much effort is put forth during the year on your behalf, and it is all done so that you can be part of an exceptional organization. You are an exceptional group of people, and the Board is dedicated to doing its best on your behalf! Please be sure to thank your Board Members and Nancy for their hard work and dedication to CCAH!

We don't want to overlook our sponsors and exhibitors—without you we couldn't possibly provide the excellent meetings that we have each year. We are grateful to you for your support!

I look forward to seeing you all soon in Myrtle Beach!

Linda Wall
President

Washington Report

Nooley R. Reinhardt

Nooley Reinhardt & Associates

Governmental Relations & Public Affairs Consulting Since 1981

TheNooley@gmail.com

First Look - Obama '15 Budget Proposals

March 4, 2014

The Obama Administration's proposed FY 2015 (beginning October 1) funding levels for affordable housing programs are mostly close to or slightly above current-year levels.

Further, the Administration is proposing expanding and improving the LIHTC program, but those details are not available at the moment.

The FY 2015 Budget document also says there will be a separate **[rural] “multifamily housing reinvention legislative package.”** That proposed legislation will include a provision I have been pushing for the last many months – a monthly minimum rent (\$50) for tenants of Section 515 and 514 projects, unless the Secretary of Agriculture “determines a lower amount because the tenant qualifies for a hardship exemption, which shall, to the extent possible and practical, be consistent with similar hardship exemption requirements and conditions established by the Secretary of Housing and Urban Development for similar programs.”

The multifamily reinvention legislation will also provide that “the agency will no longer automatically renew contracts within the same 12 month period” and that “contracts will be renewed at the discretion of the Secretary depending on the needs of the projects.”

The proposed amendment to current law also provides “[rental assistance] contracts will be issued for a fixed time and sum, and income verification will ensure the right level of subsidy is being received by the appropriate tenant.”

In addition to these proposals, the multifamily reinvention legislation will “include language to provide permanent authority for the tools used to preserve and revitalize the existing Section 515 portfolio.”

The Budget document does not reference what other rural housing amendments will be included in the legislative package.

HUD

Actual funding level proposals in the President’s budget submission for HUD include, with current year estimates in ().

HOME:	\$950M (\$1B)
CDBG:	\$2.8B (\$3.1B)
Tenant-based rental assistance:	\$16B (\$15.1B)
Project-based rental assistance:	\$9.5B (\$9.3B)
Section 202:	\$440M (\$383.5M)
Choice Neighborhood program:	\$120M (\$90M)
<i>The budget says that HOPE VI has met its goals and the Choice Neighborhoods builds on that success.</i>	
Housing Trust Fund:	\$1B (zero)
<i>The Administration notes that the funding would be “mandatory” and come from assessments on Fannie and Freddie, which have not been funding the Trust fund, as required by law.</i>	
Public Housing Capital Fund:	\$1.925B (\$1.875B)
Public Housing Operating Fund:	\$4.6B (\$4.4B)

USDA Rural Housing Programs

Section 521 Rental Assistance:	\$1.088.5B (\$1.089B)
Section 515:	\$28.432M (\$28.432M)
Section 538:	\$150M (\$150M)
Multifamily Revitalization program:	\$32.575M (\$28M)

Included are \$8M for vouchers for tenants displaced by prepayments after September 30, 2005, and \$20M for the *demonstration program* for preservation and revitalization to “restructure existing USDA multifamily loans.” The Administration also proposes language requiring the Secretary to obtain a use agreement “consistent with the terms of the restructuring.” It would further allow part of the \$20M for the demo program to be used for vouchers if the Secretary determines that additional funds are needed.

Affordable Outlook: What's in Store for 2014?

Reprinted with permission from Lancaster Pollard's *The Capital Issue* February-March 2014 at www.lancasterpollard.com

It's tempting to label every new year as especially pivotal. And although each one undoubtedly brings about significant developments for every industry, some years do indeed prove to be particularly consequential.

Will 2014 be such a monumental year for the affordable housing industry? Time will tell. As the year unfolds, here are several issues to keep an eye on that may determine the answer.

Low-Income Housing Tax Credits

Accounting Rule Change

On Dec. 11, 2013, the Financial Accounting Standards Board (FASB) adopted a new set of accounting rules that should make low-income-housing tax credit (LIHTC) projects more attractive to investors. The changes are the result of an industry-wide effort that began in 2010 to make accounting treatment for LIHTC projects more favorable. The change allows corporate investors, under certain conditions, to use a new proportional amortization method of accounting instead of the less favorable equity method. Under the equity method, losses created by LIHTC projects were categorized as a component of the investor's operating income. Under the new rules, the losses and amortization of the investment will be included in the income tax expense section of the income statement. For the affordable housing industry, the major benefit will be that LIHTC investments will no longer create a drag on the operating income of the companies that make the investments. As such, the investments become more attractive.

Fixed Rate Expires

This is bad news for the affordable housing industry although it is something that can and may be reversed in the near future. The law that expired fixed the interest rate for certain LIHTC projects at a minimum of 9%. For projects that receive allocations after Jan. 1, 2014, a floating rate will be used instead of the fixed rate. Because the floating rate is based on the federal cost of borrowing, it will likely be more than a full percentage point below 9%. As of Jan. 2014, the rate was 7.6%. That means a LIHTC project would lose a substantial amount of tax credits, as much as 18% of a project's total LIHTCs over 10 years, according to affordable housing insiders. The good news is it would not cost much for Congress to renew the fixed rate—only \$8 million over 10 years as determined by the Congressional Budget Office. However, it does require congressional action, and as such, there is no certainty as to if and when this may happen.

LIHTC Pricing Distribution

Demand for LIHTCs remained strong in 2013, keeping the tax credit pricing at high levels. In the last quarter of 2013, the pricing distribution ranged between \$0.80 and \$0.90, with the median price being in the high-80s. It will remain to be seen if the trend will continue through 2014.

Federal Action

2014 Budget Passed

President Obama has signed into law the \$1.1 trillion omnibus appropriations bill for fiscal year 2014. Included in this bill is all funding for the United States Department of Agriculture (USDA) Rural Development (RD) and the United States Department of Housing and Urban Development (HUD) programs. Of note, RD programs, specifically the Sec. 521 Rental Assistance (RA) program, has \$1.110 billion in fiscal year 2014, a \$250 million increase over fiscal year 2013. The Sec. 538 program, however, will have a level of \$150 million, the same as recent years. In regard to the definition of rural for RD programs, the appropriations bill maintains the current definitions of rural for all communities until September 2014, opting not to change definitions based on the 2010 census for now. For HUD, both HOME funding and Community Development Block Grants are up slightly over fiscal year 2013. Check out the funding charts for all RD and HUD programs comparing fiscal year 2014 appropriations to fiscal year 2013.

Tax Reform

Another year, another attempt at the ever elusive reformation of the tax code. With the top Democrat, Sen. Max Baucus (D-MT), halfway out the door as he becomes President Obama's next ambassador to China, and the top Republican, Rep. Dave Camp (R-MI), leery of rocking the boat in an election year, prospects for tax reform appear bleak. However, it remains a hot topic in Washington and thus a bill could still surface prior to the 2014 election season. The Hill reports that House Republicans want to drop the top corporate and individual rates down to 25%—from their current 35% and 39.6% respectively. That would require the elimination of trillions of dollars of tax breaks and could spell trouble for the affordable housing industry. Whether a bill emerges merely as campaign fodder or whether one emerges that has a legitimate chance of passing remains to be seen. With 2014 being an election year, the former seems more likely.

continued on page 5

Affordable Outlook
continued from page 4

Volcker Rule Approved

On Dec. 10, 2013, final guidance was released interpreting Sec. 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, also known as the Volcker Rule. The Volcker Rule puts in place prohibitions and restrictions on certain types of equity investments and thus affects the tax credit equity market. Specifically, the rule contains an exemption for investments in historic tax credits and a provision exempting public welfare investments. That, in essence, provides a blanket exception for LIHTC and new markets tax credit investments and should make them more attractive to investors.

HUD Releases 2014 Income Limits

These income limits are used to determine income eligibility for HUD's assisted housing programs, including public housing, Sec. 8 and Sec. 202. Income limits are based on the median family income (MFI), which for fiscal year 2014 is \$63,900, a slight uptick from fiscal year's 2013 level of \$62,400. As a result, more people will be eligible for assistance and seeking affordable housing, which will further increase the shortage in affordable housing stock.

Affordability Gap Widens

Harvard Joint Center on Housing Studies Report

The Harvard Joint Center on Housing Studies released two reports in 2013 that illustrate the desperate need for affordable housing today: "America's Rental Housing: Evolving Markets and Trends" and "The State of the Nation's Housing 2013." Some of the more astonishing figures leave no doubt that the affordability gap is growing at an unacceptable pace. For example, in 2011, 11.8 million renters with extremely low incomes (less than 30 % of area median income) competed for just 6.9 affordable units—a shortfall of 4.9 million units. The affordability gap has more than doubled since 2007, as the number of extremely low-income renters has grown by 2.5 million while the number of units they could afford has decreased by 135,000. Both reports, while painting a rather bleak picture, provide plenty of quality information that could be used to inform and educate those involved in the affordable housing industry. There are ideas floating out there that could help improve the desperate situation, such as the funding of the National Housing Trust Fund, expanding the Rental Assistance Demonstration (RAD) program or expanding the use of LIHTCs, but congressional action seems unlikely, especially in an election year.

New Faces

Watt Named FHFA Director

In what is surely good news for the affordable housing industry, Melvin L. Watt, the former democratic congressman from North Carolina, was confirmed in January as director of the Federal Housing Finance Agency (FHFA) after a long and contentious delay since he was nominated to the post the previous May by President Obama. Watt has a history of supporting affordable housing legislation and is considered an ally of the industry. The National Housing Conference supported Watt's confirmation, among other affordable housing groups and it is believed he will play a critical role in determining the future of Fannie Mae and Freddie Mac. In addition, affordable housing advocates hope Watt will be able to fund the National Housing Trust Fund (NHTF), which was established by the Housing and Economic Recovery Act of 2008 but denied funding when Fannie and Freddie were put into conservatorship later that year. Now that Fannie and Freddie are making a profit, many affordable housing advocates are calling for them to contribute to the NHTF.

Hernandez to Head USDA's Rural Housing Service

Tony Hernandez was confirmed as the Rural Housing Service (RHS) Administrator. Most recently director of the Division of Local Government for Colorado, Hernandez also worked for Fannie Mae as director of the Colorado legislature. This is more good news for the industry as Hernandez is described as results-oriented and focused on developing initiatives that will enhance the livability and sustainability of communities.

The aforementioned developments are all interlinked and, should things play out in a manner favorable to the affordable housing industry, will become quite evident as the year unfolds. For example, should the new FHFA Director Watt work with Congress to fund the NHTF, the NHTF would then provide states with dollars that would be used to preserve LIHTC developments, helping to alleviate the affordability gap. Working together, the various players can ensure that 2014 is indeed a consequential and productive year for the affordable housing industry.

Liz Diamond is a vice president with Lancaster Pollard in California. She may be reached at ldiamond@lancasterpollard.com.

Carolinas Council for Affordable Housing 2014 Annual Conference and Business Meeting April 27-29

Registration Information

Payment by company check or **credit card** must accompany registration. **If paying by credit card, we require a completed CCAH Credit Card Authorization Form available on CCAH's website.** Early Bird registrations must be postmarked on or before March 28, 2014. **Mail-in registrations must be postmarked no later than April 10, 2014.**

Registration at the door is \$375 per person **payable by check only.**
We cannot accept cash or process credit cards at the registration desk.

Cancellations must be made in writing. Cancellations received prior to March 14, 2014, will receive full refund. Cancellations received between March 15 and April 1, 2014, will be charged a \$100.00 cancellation fee. Cancellations after April 1, 2014, will receive no refund.

Registration Fees

Registration deadline: April 10, 2014

	<u>Before 3/29</u>	<u>After 3/28</u>
Member Registration (includes lunch)	\$225	\$275
Non-member Registration (includes lunch)	\$275	\$325
Government Personnel Registration	\$125	\$125
Spouse/Guest (receptions only)	\$50	\$75
Golf (please indicate your handicap)	\$117	\$127

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 education training session. For PTE credit balance, call or e-mail the CCAH office.

Please use the registration form: Download at www.carolinascouncilforaffordablehousing.com/cccalendar.htm (copy and paste URL in your browser). Payment must accompany registration form.

Mail Registration and Payment to:

CCA
388 Cross Point Road
New Hill, NC 27562

Payment by company check or credit card only. Need more information? Have questions?
Contact: Nancy Cross, Executive Director • Email: ccahboard@aol.com • Phone: (919) 774-7713

**Carolinas Council for Affordable Housing
2014 Annual Conference and Business Meeting
April 27-29**

Hotel Registration and Information

Myrtle Beach Marriott at Grande Dunes Resort

TO MAKE RESERVATIONS CALL: (800) 644-2881

CCAH has negotiated a special room rate of \$159.00 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 27, 2014.

Our block of rooms will be released on March 27, 2014, at midnight.

Check in: 4:00 p.m. Check out: 11:00 a.m.

Government per diem will be honored with government identification.

**Myrtle Beach Marriott at Grande Dunes Resort
8400 Costa Verde Drive • 82nd Parkway and Ocean Boulevard
Myrtle Beach, SC 29572
Phone: (843) 449-8880**

Golf Tournament: At Pine Lakes 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!

**Absolute deadline for golf registration is April 1, 2014.
Arrive at 8:30 a.m. and we will tee off at 9:08 a.m. sharp!**

Fees include golf cart and prizes.
Boxed lunches will not be provided.

Meeting Notes

Sunday Reception:

Heavy Hors d'Oeuvres

7:00-8:30 p.m. • Atlantic 5-8

Join us to renew old acquaintances and make new friends!

Monday Reception:

Light Hors d'Oeuvres

3:45-5:00 p.m. • Atlantic 5-8

Have happy hour on us before going out for an evening at the beach!

► This year's charity: The American Red Cross

The American Red Cross will have a table in the group alcove where staff will accept financial donations. Please make a donation.

Properties Training and Education Notes

The E and A Team is here with Premier Trainer Scott Moore!

Topics to be covered:

PRACTICAL SOLUTIONS TO REAL FAIR HOUSING

ANSWERS TO SECTION 504 QUESTIONS

“Affirmatively” furthering Fair Housing and how to develop a Fair Housing marketing plan • How to prevent common fair housing claims and the steps to take if HUD calls. • A manager's guide to Reasonable Accommodation • When is an “assistance animal” necessary and reasonable? • In depth look at HUD's Assistance Animal Guidance • Steps property managers can take to verify if the animal is really necessary • When an animal is unreasonable and you can say “no” • Understanding the conditions a manager can place on “assistance animals” • How to avoid testing that may lead to fair housing claims even if you do not discriminate.

Seating for this course is limited so register early!

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

CAROLINAS COUNCIL FOR AFFORDABLE HOUSING

**Proposed 2014 Annual Meeting Agenda
Myrtle Beach Marriott Grande Dunes Resort
April 27-29, 2014**

This year’s charity: The American Red Cross
There will be an American Red Cross representative in the group alcove to receive your monetary contributions. Please stop by with your donation.

Sunday, April 27	Location
8:30 A.M.....	Golf Tournament.....Pine Lakes Golf Course
2:00-6:00 P.M.....	Registration.....North Hall Group Alcove
6:00 P.M.....	Board Meeting.....Heron Conference Room (Lower Leve)
7:00-8:30 P.M.....	Welcome ReceptionAtlantic 5-8

Monday, April 28	General Session	
7:30 A.M.....	Continental Breakfast	Atlantic 5-8
8:00 A.M.....	Registration.....	North Hall Group Alcove
8:30 A.M.....	Welcome/General Business Meeting	Atlantic 4
	<i>President Linda Wall</i>	
9:00 A.M.....	Where Your Donations Go	Atlantic 4
	<i>American Red Cross representative</i>	
9:15 A.M.....	Washington Update	Atlantic 4
	<i>Nooley Reinhardt</i>	
9:15 A.M.....	CARH Update	Atlantic 4
	<i>Kevin Flynn, CARH President</i>	
10:15 A.M.....	Break	Atlantic 5-8
10:30 A.M.....	Reserved	Atlantic 4
11:00 A.M.....	National RD Office	Atlantic 4
	<i>Brian Hooper</i>	
11:30 A.M.....	NC RD Office	Atlantic 4
	<i>Randy Gore, State Director</i>	
11:45 A.M.....	SC RD Office	Atlantic 4
	<i>Verita Dore, State Director</i>	
12:00 Noon.....	Luncheon	Oleander Ballroom
	Invocation by Danny	
	USDA Annual Awards	
2:00 P.M.....	Changes in Audit Guidelines	Atlantic 4
	<i>Tim Smith, Bernard Robinson & Co., LLC</i>	
3:00 P.M.....	Changes with UFAS/ABAAS	Atlantic 4
	<i>Mark English, E and A Team, Inc.</i>	
3:45-5:00 P.M.....	Reception	Atlantic 5-8

Properties Training and Education

Monday, April 28

9:00 A.M.	Practical Solutions to Real Fair Housing and Answers to Section 504 Questions	Atlantic 1-3
	<i>Scott Moore, E and A Team, Inc.</i>	
10:15 A.M.	Break	Atlantic 5-8
12:00 Noon	Luncheon	Oleander Ballroom
	Invocation	
	USDA Annual Awards and Golf Awards	
2:00 P.M.	Class Resumes	Atlantic 1-3
	<i>Scott Moore, E and A Team, Inc.</i>	
3:45-5:00 P.M.	Reception	Atlantic 5-8

All Attendees

Tuesday, April 29

7:30 A.M.	Continental Breakfast	North Hall Group Alcove Lounge
8:00 A.M.	Registration	North Hall Group Alcove
8:30 A.M.	Announcements	Atlantic 4
	<i>President Linda Wall</i>	
8:45 A.M.	The Affordable Health Act and Insurance	Atlantic 4
	<i>Tracey Martin, Bernard Robinson & Co., LLC</i>	
9:45 A.M.	Break	North Hall Group Alcove Lounge
10:15 A.M.	Taking Your Multifamily Housing Smoke Free	Atlantic 4
	<i>Anna Stein, NC Dept. of Health & Human Services</i>	
11:15 A.M.	NCHFA Update	Atlantic 4
	<i>Anna Stein, NC Dept. of Health & Human Services</i>	
11:30 A.M.	SCHFA Update	Atlantic 4
	<i>Dennis Cokley, Director of Compliance Monitoring</i>	
11:45 A.M.	Raffle Drawing	Atlantic 4
12:00 P.M.	Meeting is adjourned	

Exhibitor Information

Exhibit Hall is in Atlantic 5-8

PLEASE NOTE: Sunday reception, Monday breakfast, morning and afternoon breaks, and Monday reception 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 2:00 p.m. and 5:00 p.m. on Sunday, April 27. **All exhibits should be up before the Sunday Welcome Reception. Exhibitors are encouraged to remain through the end of the Monday Reception.**

Exhibitor's fee includes a registration package with reception tickets for one person. If you have a helper, please pay a guest fee of \$50.00 so your helper can participate in the receptions.

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

SPONSORSHIPS and EXHIBIT OPPORTUNITIES

Platinum Sponsor \$500.

Business-card-size ad in registration material. A mailing list of CCAH Members. Free exhibitor table (\$65 additional for electricity). Includes lunch and receptions for one person.

- I will use the free exhibitors table. I will attend the Monday luncheon.

Gold Sponsor \$350.

Business-card-size ad in registration material. A mailing list of CCAH Members. Includes lunch and receptions for one person. Does not include free exhibitor table.

- I will attend the Monday luncheon.

Silver Sponsor \$250.

Business-card-size ad in registration material. A mailing list of CCAH Members. Does not include free exhibitor table or Monday luncheon.

Exhibitor table \$300.

Fee does not include Monday luncheon. Includes listing in the Sponsor & Exhibitor Book.

Nonprofit Exhibitor table \$150.

Fee does not include Monday luncheon. Includes listing in the Sponsor & Exhibitor Book.

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 for your exhibit table.

Payment by Company check or credit card must be received in order to be included in the Sponsor & Exhibitors Book before March 27, 2014. If paying by credit card, please use the CCAH Credit Card Authorization Form found on the website.

Name: _____ Company: _____

Address: _____

City/State/Zip: _____

Phone: _____ Fax: _____

E-mail address: _____

Sponsors: Please mail business card with registration. (Please do not staple to the form.)

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