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Tax Credit Advisor

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Feel Good

Resident Services & Healthcare Innovations

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As part of POAH's health services for residents at its Pocasset Manor development in Providence, RI, representatives of Progreso Latino gave a class in pain management.

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Thom Amdur (*New Developments*, p. 4) is the executive vice president and executive director of the National Housing & Rehabilitation Association, associate publisher of *TCA* and has been the leader in the creation and presentation of the Preservation Through Energy Efficiency program.

Scott Beyer (*Housing USA*, p. 8 and *Active Design for "Healthy Buildings,"* p. 25) is a cross-country traveler covering U.S. urban issues. For three years, he will be circling America to live in 30 cities for a month each, starting in Miami and ending in New York City. The purpose is to write a book about revitalizing cities through Market Urbanism. You can find more about him on his website, Bigcitysparkplug.com.

Mark Fogarty (*CORES Certifies Resident Service Operations*, p. 20 and *Making Healthcare Convenient*, p. 23) has covered housing and mortgages for more than 30 years. A former editor of *National Mortgage News*, he has written extensively about tax credits. He has also had pieces published in the *Chicago Tribune* and *Miami Herald*, among others.

John W. Gahan III (*The Land of OZ*, p. 30) is an attorney with Murtha Cullina LLP, Boston, MA. For over 40 years, Gahan has concentrated his practice on the cutting edge of development of real estate projects. Gahan's clients have built, owned and/or managed hundreds of thousands of multifamily housing units, including housing for the men and women who serve in our armed forces. He currently serves on the Board of Directors of Preservation Massachusetts and the National Housing & Rehabilitation Association.

Darryl Hicks (*Talking Heads*, p.12) is the vice president, Communications for the National Reverse Mortgage Lenders Association and a 19-year veteran of associations managed by Dworbell, Inc, the management company of National Housing & Rehabilitation Association.

Mark Olshaker (*There's a Nurse in the House*, p. 16, *Resident Car Rentals—and They Are Electric*, p. 17 and *Challenged Assets*, p. 28) is a best-selling author of fiction and non-fiction and an accomplished researcher in the areas of crime and medicine. Olshaker has written 15 books, including *Law & Disorder* with former FBI Agent John Douglas. His latest book is *Deadliest Enemy: Our War Against Killer Germs*, with Dr. Michael Osterholm and published by Little Brown.

David A. Smith (*The Guru Is In*, p. 6) is chairman of Recap Real Estate Advisors, a Boston-based real estate services firm that optimizes the value of clients' financial assets in multifamily residential properties, particularly affordable housing. He also writes Recap's free electronic periodical *State of the Market*, available by emailing dsmith@recapadvisors.com. TCA

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BLUEPRINT FOR FEBRUARY

By Marty Bell

The Feel Good Issue

Is it bragging if I open this issue by declaring it a win-win? Actually, it's a win-win-win—for affordable housing management, for their residents, for government and for our readers. As our ace team of journalists delivered their stories this month, each one made me feel good, because they were all about supportive programs designed to make affordable housing residents feel good.

This issue is devoted to resident services and healthcare. In these pages you will read about support systems that improve lives, be it physically, emotionally and/or financially.

We begin with Darryl Hicks' *Talking Heads* interview with Julianna Stuart of POAH (p. 12) on HUD's Family Self-Sufficiency program, which incentivizes Section 8 housing residents to strive in their careers by permitting them to save the money that would go towards additional rent as their incomes increase. If the ultimate goal of affordable housing is to support people to afford to move out of it, this program provides evidence it works. But, unfortunately and surprisingly, only five percent of the residents nationally take advantage of this opportunity. Maybe we can inspire increasing that.

USA Properties in Rosedale, CA has, under the stewardship of President and CEO Geoff Brown, been a pioneer in making extensive services available to tenants. Now they have outdone themselves, partnering with LifeSTEPS to install in-home nurses in some of their properties, as well as training the entire on-site staff to be aware of potential resident health issues. Staff writer Mark Olshaker explains the company-financed pilot program. (*There's a Nurse in the House*, p. 16)

To encourage excellence in its resident services program, Stewards of Affordable Housing for the Future has created a certification program nicknamed CORES (Certified Organization for Education & Services). Staff writer Mark Fogarty hears about the program from its administrator Eileen Fitzgerald, as well as from managers whose properties have been certified and residents who have benefitted. (*CORES Certifies Resident Service Programs*, p. 20)

The state of Maryland, which is extremely progressive in developing resident support programs, offers incentives to community collaborations set up to reduce health disparities among racial and ethnic minority populations and among geographic areas, improve healthcare access and health outcomes in underserved communities and reduce healthcare costs and hospital admissions and re-admissions. Mark Fogarty looks at the plans and outcomes of that state's Health Enterprise Zone (HEZ) innovation. (*Making Healthcare Convenient*, p. 23)

And as our itinerant staff writer Scott Beyer completes his three-years of visits to cities across the country in New York, he visits with the staff at the Center for Active Design, an ambitious nonprofit organization that promotes architecture and urban planning solutions to improve public health. (*Active Design for "Healthy Buildings,"* p. 25)

For those of you in areas confronting the cold of winter, I expect this issue will warm you. For those of you frustrated by the ineffectiveness of government, I expect this issue will encourage you. I hope it makes you feel as good as I feel about it.

Marty Bell, *Editor*

The Preservation Challenge


Thom Amdur

When I started my career in affordable housing, the term "preservation" generally was attributable to strategies and resources aimed at extending the affordability of HUD Assisted or USDA Rural Development properties. After a wave of opt-outs in the late 1980s, Congress enacted the Emergency Low Income Housing Preservation Act (ELIHPA) in 1987, which authorized the first federal funding for affordable housing preservation and was targeted for preserving Section 236 and Section 221(d) Below Market Interest Rate (BMIR) loans that were eligible for prepayment. The Act provided incentives for maintaining the property as affordable housing.

Three years later, in 1990, Congress replaced ELIHPA with the enactment of the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA), which provided further incentives for these properties, including FHA-insured loans for capital improvements, additional Section 8 subsidies or rent increases and capital grants in exchange for use agreements that sometimes restricted distributions and refinancings. In 1997, Congress took an additional step to provide resources for these properties by enacting the Multifamily Assisted Housing Reform and Affordability Act (MAHRA), which created the Mark-To-Market (M2M) program.

During this period, the Low Income Housing Tax Credit (LIHTC) was enacted and bloomed into a major affordable housing production program. As the first waves of LIHTC properties reached the end of their initial 15-year compliance periods, the conversation around preservation expanded to include the recapitalization of tax credit properties entering into their extended-use period. As the program has matured and the first generation of LIHTC properties have aged, a new preservation challenge now presents itself. Federal law requires most LIHTC properties to remain affordable for 30 years, and though some states have longer affordability periods, a significant number of properties are now approaching the end of their affordability period.

The National Low-Income Housing Coalition (NLIHC) and the Public and Affordable Housing Research Corporation (PAHRC) recently published a sobering report entitled, "Balance Priorities: Preservation and Neighborhood Opportunity in the Low Income Housing Tax Credit Program Beyond Year 30," which estimates that, "Between 2020 and 2029, nearly half a million current LIHTC units, or nearly a quarter of the total stock, will reach their 30-year mark and the end of their federally mandated affordability restrictions." The report estimates that 8,420 of these properties (totaling 486,799 units) do not receive other types of subsidies that extend their affordability and will reach Year 30 during this time.

Housing finance agencies, advocates and affordable housing developers face a real challenge in the years to come if we are going to preserve these critical community assets. Congress, at least at present, seems unlikely to adopt a modern-day equivalent of ELIHPA or LIHPRHA for the LIHTC portfolio. Efforts to expand the LIHTC would certainly help immensely; however, with the need for new production so great, even increasing allocations of nine percent credits by 50 percent and fixing the four percent credit at four percent are not likely to be sufficient to address both production and preservation needs. States and local jurisdictions will need to get creative.

Recently, the Florida Housing Finance Corporation (FHFC) took the proactive step of developing a Portfolio Preservation Action Plan, which it presented at its December 13, 2018, board meeting. The plan outlines a series of policy strategies to assist owners of properties in Year 15, as well as owners of properties approaching Year 30 in preserving their affordable assets. FHFC will be presenting its analysis and plan at the 2019 NH&RA Annual Meeting later this month, which we will likely cover in next month's issue of *Tax Credit Advisor.*

Addressing the Year 30 challenge is a major priority for NH&RA in the coming year and aligns closely with the development of our Bond Policy Toolkit (see my column from January 2019). We think taking steps to maximize the production of the Multifamily Tax-Exempt Bond Program is a critical strategy that HFAs should pursue and that owners should be encouraged to recapitalize their properties with bonds earlier (in Year 15) when rehabilitation needs are lower, as opposed to deferring recapitalization discussions further out when the physical needs of a property may exceed the abilities of the four percent TEB program.

I am excited that NLIHC/PAHRC and others are raising this issue now and that other states, like Florida, will take such bold and forward-thinking actions to address the challenge. Although it may seem daunting to take on the task presented by preserving multiple generations of affordable housing, now is the time to address it, head on, before use restrictions expire. Every state HFA, trade association and advocacy organization should be organizing to develop a comprehensive preservation plan that meets their local housing needs. NH&RA will continue to explore the issue and potential solutions in the coming year and challenge you to raise this issue in your home state. TCA

How to work yourself out of a job

Thinks the reader upon encountering this column title, *Why would I want to work myself out of a job?*

> *"You are fettered," said Scrooge, trembling. "Tell me why?"*
>
> *"I wear the chain I forged in life," replied the Ghost. "I made it link by link, and yard by yard; I girded it on of my own free-will, and of my own free-will I wore it. Is its pattern strange to you? Or would you know the weight and length of the strong coil you bear yourself?"*
>
> – Charles Dickens, *A Christmas Carol*

Many executives I know and respect are afflicted with what I've dubbed the perception of essentiality – the belief that not only is their work broadly essential to the organization, each element of how they do it is likewise essential and personal, else the organization suffers.

We've come to believe this in part because we are neurologically wired, educationally coached, and organizationally stimulated to believe it. Responding to fast-paced busy-ness triggers dopamine hits: so does email and its even more insistent sibling, texting. Believing ourselves essential is likewise a boost to the ego, how we justify our compensation, our position in the organizational hierarchy and our sense of self-worth, including the moral self-worth of making a difference in the world. We believe ourselves essential because we want to believe it: if we're irreplaceable, we're unique.

With all this self-belief of our essentiality comes adverse side effects:

- Believing ourselves critical to the organization's functioning, we stress ourselves by lengthening our work days and increasing the cycle speed of recurring familiar tasks.
- Perceiving ourselves short of time and behind the 8-Ball, we narrow our focus and stick to the short-term, instead of thinking long and creating long-term new business exploration, conceptualization or development.
- Thinking ourselves the best qualified to do the jobs that we do, we complete each task ourselves rather than delegating some of it, training someone up to do it or permanently handing it off.
- Envisioning ourselves always in our current role, we forget to educate others on what we've learned.
- Feeling ourselves overloaded, we're reluctant to take on new challenges where we're uncertain what to do and might fail when we try.

David A. Smith

Further, the self-perception of essentiality is contagious: emanating from the top, if unrecognized and left unchecked, it can take over a company, with everyone trapped horizontally in the job he or she currently has, unable either to rise ourselves or to enable junior (and usually younger) colleagues to rise. Such a company becomes fragile, and in a time of rapid and disruptive change, the last thing the affordable housing industry needs is a preponderance of entities that are fragile.

Once you see your self-perception of essentiality as your own hand-forged Marley's chain, you will realize that every bit of self-perceived-essentiality you remove gains you immediate lift: more time at work and at home, more chance to think, more awareness of possibilities rather than pressures. How then to unburden yourself? Link by link and yard by yard: make the activity of job-shedding continuous. Here's how:

- Every year, identify the bottom quartile of your job: the things that for you are easy and routine. Make it a personal objective to shed as many of them as you can.
- Tell everyone in the organization that this is your strategy. (If nothing else, it'll make people think.)
- Find within your organization other people (often junior, often younger) to whom the work that you would like to shed would be new, challenging to learn, satisfying to do and valuable to master.
- Don't look for your younger self. Look for those who represent your values, the ones who hunger to do more.
- Befriend these colleagues. Offer to mentor them in taking on these discrete activities. The ones you want will jump at the chance.

- Let them do the work. Even when they do it differently from your way, resist the temptation to intervene *unless* it imperils the company or their careers. If the latter, critique some, spot-weld some, but do not take the task back. When the task is done, list their names first, yours second.
- Encourage the people who report to you to come to you and ask to take over something you do now.
- If somebody does a job well three times in a row, give the whole activity to him or her. Or 'reverse delegate,' tell that person to make any decision he or she is confident in, just come back to you when seeking advice.
- Find something new that the organization sees or should see as a priority or opportunity, isn't getting anywhere now, and where you're as qualified inside the firm as anybody. Research enough of it to develop a plan of action. Pitch this to those equal to or above you (your boss, your executive committee or your board of directors). Get approval, and use that as further reinforcement for working yourself out of other parts of your job.

We believe ourselves essential because we want to believe it: if we're irreplaceable, we're unique.

For companies in affordable housing today, among the most precious and rare executive qualities are values, vision and versatility. All of them wither under the self-perception of essentiality, and revive when you reclaim space and time to reinvent your job by working yourself out of it. Promotion arises when you have grown the ability to be the boss of your former self, and it happens faster when you've created your own space for that growth. In nearly four-and-a-half decades in our estimable industry, every time I've worked myself out of a job, what opened up was always a new and better one, usually in the same organization. TCA

New York
Public Housing Needs Privatization

New York City's public housing, once a source of affordable housing industry pride, is in crisis.

In recent years, the New York City Housing Authority (NYCHA) has run a system that devolved into squalid conditions. In 2018, public advocate Letitia James named it the city's worst landlord. And a judge recently rejected a settlement to appoint a federal monitor, suggesting NYCHA should instead be overtaken by HUD. This caused Mayor Bill de Blasio, who appoints NYCHA's leadership, to rush out a reform plan that would generate much-needed revenue for the agency, including air rights sales and Rental Assistance Demonstration (RAD) repairs. If his plan passes, it would advance an agenda that has long seemed ominous to New Yorkers, yet is badly needed for NYCHA: privatization.

NYCHA is by far the nation's largest public housing system, with 325 developments, 2,418 buildings, 175,636 units and 392,259 residents. Another 191,000 residents receive Section 8 vouchers through the agency. NYCHA houses 4.6 percent of the population, and represents eight percent of citywide rental apartments. It receives annual federal subsidies nearing $2 billion, and total revenue nearing $3.3 billion. According to the operating budget, there is, after vouchers, about $2.3 billion left to manage and repair housing. That works out to over $13k/unit annually, which should be adequate for providing decent housing.

Instead, NYCHA runs a substandard service. Part of the problem is a $32 billion maintenance backlog. It doesn't help that the workers who manage facilities come from various unions that have a reputation for inefficiency. A 2018 *New York Post* report found that union contracts led to exorbitant salaries and overtime pay, dubious paid vacations and burdensome work rules. For years, the unions refused to provide employees who worked at regular rates outside of their weekday shifts. Repair teams were thus often unavailable on weekends.

This has led to chronic under-maintenance. In recent years, local public housing has suffered from lead paint, vermin, inconsistent heat and hot water, poorly lit stairs and entryways, lax public safety, sewage overflows, broken elevators and about anything else that can go wrong in buildings. While none of the projects have become dystopias, like Cabrini-Green or Pruitt-Igoe, NYCHA housing is increasingly viewed by analysts as a disgrace.


Scott Beyer

Its reputation hit a new low this past June during a court case where residents testified about living conditions. It was revealed that city officials had repeatedly lied and concealed information from the media and HUD officials. This included covering up the fact that 1,160 children were exposed to lead. The city agreed to pay a $2.2 billion settlement and accept a federal monitor to oversee the authority. But in November, the judge rejected that deal, suggesting that NYCHA instead fall into HUD receivership.

That move would humiliate Mayor de Blasio, claims Howard Husock, vice president for research at the Manhattan Institute, during a phone interview. That is why, several days after the decision, NYCHA released a tentative privatization proposal, which the *New York Times* reported on.

NYCHA would hand over daily operations for 62,000 apartments to private developers, who would renovate the units using RAD. The developers would get Low Income Housing Tax Credit (LIHTC) equity for repairs, and lease and rent the units at subsidized rates. Another aspect would be for NYCHA to lease or sell air rights to the abundant underutilized space within projects, for the construction of private market-rate development. A value capture mechanism could be installed so that revenue from the new development pays for repairing the old buildings.

The fact that NYCHA hasn't already pursued this strategy puts it behind other public housing agencies. In 2015, San Francisco used RAD to conduct the largest conversion of government housing into private ownership in U.S. history. Cities on the east coast, such as Baltimore and Washington, DC, are also experimenting with RAD, and there's a backlog of cities applying to HUD to make the shift. Even NYCHA has rolled out one RAD project, converting the 1,397-unit Ocean Bay Apartments in Far

Housing USA, continued on page 11

Corporate Tax Credit Fund Watch | *February 2019*

EY Building a better working world

Sponsor (1) Investor Contact Acquisition Contact	CURRENT MULTI-INVESTOR LIHTC CORPORATE FUND Fund Name Geographic Focus	Amount of Equity Raised to Date for Fund	Expected Size of Current Fund	Average Net Tax Credit Price	Cash Needs Basis IRR	# of Properties Specified	% of Gross Proceeds (2)	Estimated Front End Expense Load (3)	All LIHTC Equity Raised & Closed by Syndicator in 2018
Alliant Capital Stacie Nekus (312) 342-9696 Jen Erixon (303) 916-6311	***Alliant Tax Credit Fund 94*** National	$138,000,000	$140,000,000	$0.91	Tiered; Economic 6.00% and CRA 5.00%	9	96%	N/A	$321MM
Boston Capital Kevin Costello (617) 624-8550 Brenda Champy (617) 624-8874	***BCCTC Fund XLVI*** National	$92,000,000	$92,000,000	$0.904	Tiered; 4.50%	15	100%	6.50%	$667M
	California Fund VIII California	$92,000,000	$92,000,000	$0.951	Tiered; 4.75%	7	100%	6.50%	
Boston Financial Investment Management Todd Jones (502) 450-9951 Sarah Laubinger (617) 488-3230	***ITC 50*** National	$129,000.000	$173,000,000	$0.92	Tiered; 5.75%	16	100%	5.26%	$638MM
Cinnaire Marge Novak (517) 364-8929 Jennifer Everhart (517) 364-8911	***Cinnaire Mid-Atlantic Capital Fund 4 LP*** DE, MD, NJ, PA	$25,500,000	$32,000,000	$0.965	4.15%	4	100%	N/A	$241.69MM
	Cinnaire Fund for Housing LP 34 IL, IN, MI, MN, WI	N/A	$150,000,000	N/A	N/A	N/A	N/A	N/A	
CREA, LLC Tony Bertoldi (617) 892-6071 Charles Anderson (317) 808-7365	***CREA California Tax Credit Fund 70, LP*** California	$90,000,000	$100,000,000	N/A	Tiered; 4.90%	8	100%	7.35%	$809MM
Enterprise Housing Credit Investment *(formerly Enterprise Community Investment)* Amy Dickerson (503) 553-5659 Scott Hoekman (410) 772-2508	***EHP 31*** National	N/A	$230,000,000	N/A	N/A	N/A	N/A	N/A	$804MM
	EHCF VI California	N/A	$70,000,000	N/A	N/A	N/A	N/A	N/A	
Massachusetts Housing Investment Corp. Peter Sargent (617) 850-1027 Kathy McGilvray (617) 850-1008	***MHEF XXV*** Massachusetts	N/A	$60,000,000	$0.88	4.50%	1	8%	5.00%	$86.3MM
Midwest Housing Equity Group, Inc. Becky Christoffersen (402) 334-8899 Tom Stratman (402) 334-8899	***MHEG Fund 51, LP*** Midwest	N/A	$200,000,000	N/A	N/A	N/A	N/A	7.25%	$197.985MM
Ohio Capital Corporation for Housing Jonathan Welty (614) 224-8446 Jack Kukura (614) 224-8446	***Ohio Equity Fund for Housing XXIX*** OH, KY, PA, WV, TN	N/A	$300,000,000	$0.90	Tiered; 5.00%	40	N/A	5.20%	$283.23MM
PNC Real Estate Tax Credit Capital Megan Ryan (202) 835-5965 Gayle Manganello (603) 387-6205	***PNC LIHTC Fund 71, LLC*** National	N/A	$150,000,000	N/A	Tiered	24	60%	up to 7%	N/A
R4 Capital LLC Jason Gershwin (646) 576–7661 Marc Schnitzer (646) 576-7659	***R4 Housing Partners X LP*** National	$174,000,000	$225,000,000	N/A	Tiered	20	100%	N/A	$648MM
Raymond James Tax Credit Funds Steve Kropf (800) 438-8088 James Horvick (800) 438-8088	***RJTC Fund 45*** National	$50,000,000	$200,000,000	N/A	Tiered	25	70%	7.00%	$1.046B
RBC Capital Markets Tammy Thiessen (216) 875-6042 Tony Alfieri (216) 875-6046 Craig Wagner (980) 233-6459	***CA Fund 5*** California	N/A	$75,000,000 to $100,000,000	TBD	N/A	N/A	N/A	N/A	$1.053B
	RBC National Fund 29 National	N/A	$226,000,000	$0.9131	Tiered; 5.50%	22	N/A	N/A	
Red Stone Equity Partners Ryan Sfreddo (212) 225-8300 Rob Vest (704) 200-9505	***Red Stone Equity - 2019 National Fund, LP*** National	N/A	$175,000,000	N/A	Tiered; 6.00%	25	N/A	N/A	$539.15M
Regions Affordable Housing LLC Catherine Such (404) 581-3750 Brian Coffee (205) 264-5613	***Regions Corporate Partners Fund 55 LLC*** National	$55,000,000	$100,000,000	$0.90	Tiered; 5.75%	13	100%	N/A	$262MM
WNC & Associates Christine Cormier (949) 236-8233 Anil Advani (949) 236-8247	***WNC Institutional Tax Credit Fund 46, LP*** National	N/A	$110,000,000	$0.8929	Tiered; Economic 5.75% and CRA 5.50%	16	88%	N/A	$455MM

1) All data has been provided directly by the fund sponsors. Accordingly, neither Ernst & Young LLP nor *The Tax Credit Advisor* take any responsibility for the accuracy of the data or any calculations made by the sponsors. 2) The gross equity needed for properties for which an executed syndication contract is in place, as a percentage of total expected gross proceeds, assuming all single-payment cash investors. 3) The estimated expense load is the percentage of gross proceeds the sponsor expects to expend for offering costs and expenses, acquisition fees and expenses, brokerage commissions and all other front-end costs (other than working capital reserves) assuming all available units are sold to single-payment cash investors. If you would like to have a fund listed in the next edition of *The Tax Credit Advisor*, call Jillian Flynn, Tax Credit Investment Advisory Services, Ernst & Young LLP, at Jillian.Flynn@ey.com, 617-375-3796. There is no charge for a listing.

Housing USA, continued from page 8

Rockaway, Queens. The *Times* noted how much better quality those units have been than others in the system. But the insistence otherwise on operating, says Husock, a publicly-run "holdover" agency makes New York City an anachronism.

The selling of NYCHA's public land, meanwhile, is long overdue. Many public housing developments —known colloquially as "projects"—are scars on the urban fabric. Built just before or after World War II, they have long been ugly, isolated and poorly-serviced by retail, dedicating vast acreage to parking lots or underused parkland. Yet they sit on some of the nation's best real estate. Selling those empty lots for high-rise redevelopment would create windfalls for NYCHA and more net housing for city residents of all income levels. There'd even be a chance during redevelopment, says Husock, to reinstall the former street layouts, reintegrating the areas with the city.

"The housing authority here needs to consider all potential sources of revenue," he says. "Selling off land, using some of their open land in the middle of their projects to build supermarkets. But they never thought of themselves as a real estate management company. They thought of themselves as a public housing management company. They need to rethink that."

January 31st is the deadline HUD Secretary Ben Carson gave NYCHA to make a deal with federal prosecutors. If operations are transferred to HUD, it will likely streamline RAD privatization, since that has become a principle HUD policy. If the city maintains control, privatization (and reform in general) will likely be slower. Already, de Blasio says he doesn't want to demolish the old buildings, even though that would reduce the maintenance backlog and create yet more space for developing new, affordable replacement units.

"I think that's horrifying and I could never live with any approach like that," de Blasio told the *Times*.

Nor does he want to leverage the labor efficiencies that come with RAD privatization. "Everyone who works for NYCHA now will continue to have a job with NYCHA, period."

Therein lies the problem: NYCHA is in its present state because of entrenched politics and uncreative approaches. Privatization is a path to escaping this logjam. The city will soon have a chance to embrace it, as so many others have across America. TCA

Talking Heads

Julianna Stuart

Director of Community Impact, Preservation of Affordable Housing, Inc.

How Family Self-Sufficiency Can Empower Your Tenants

By Darryl Hicks

For the past three years, Preservation of Affordable Housing, Inc. (POAH), a Boston-based, nonprofit affordable housing developer and property owner, has improved the lives of its tenants through a federal program called Family Self-Sufficiency (FSS).

Authorized by Congress in 1990 and administered by the U.S. Department of Housing and Urban Development, FSS helps struggling families pull themselves out of poverty by combining financial education and coaching with savings incentives.

Eligibility was initially limited to households that received Housing Choice Vouchers or lived in public housing. Then in late 2014, Congress extended eligibility to recipients of Section 8 Project-based Rental Assistance, a move made permanent in 2018.

Section 8 Project-based Rental Assistance pays the difference between the cost of rent and what a household can afford, and so as earnings grow, housing assistance shrinks. FSS allows participating households to save rent increases attributable to earnings growth in a special escrow account, the savings from which can be accessed for long-term financial goals, like homeownership or college. In this way, FSS turns a disincentive into a powerful incentive for employment and earnings.

Despite FSS' advantages, less than five percent of eligible families nationwide are enrolled. POAH, on the other hand, has a 30 percent participation rate, having enrolled more than 240 households at seven properties, and is looking to further expand access. As POAH's director of community impact, Julianna Stuart is a key figure in these efforts.

Tax Credit Advisor sat down with Stuart to learn more about FSS, how it was implemented, who its key partners are and why other property owners should embrace it.

***Tax Credit Advisor:* How did you learn about the FSS program? What did you envision as the potential impact on your residents, your company?**

Julianna Stuart

Julianna Stuart: We learned about FSS from advocates who had been observing and researching it for several years. People, like Jeff Lubell at Abt Associates, Kris Siglin at the Housing Partnership Network, and Barbara Sard from the Center for Budget Policies and Priorities, who wrote a report in 2001 titled, "The Family Self-Sufficiency Program: HUD's Best Kept Secret for Promoting Employment and Asset Growth," that was a beneficial resource and appropriately titled. We envisioned FSS as a way to manifest our mission. We don't just want to build and manage affordable homes. We want to create a platform for opportunity and a powerful way to connect asset building and housing.

***TCA:* How long did it take to get your program up and running? What criteria did you use to select your pilot sites? What challenges did you encounter getting the program operational?**

Stuart: It took about six to eight months to educate ourselves, develop and implement processes and tools, update our property management software, get our property management teams up to speed on FSS and why it was valuable, and then reach out to residents and get them enrolled. Now that we have three years of experience with the program, it takes about three months to get a new site up and running. We initially selected four pilot properties, all in New England, in part because we had identified and started building a relationship with a Boston-based company called Compass Working Capital to be our financial coaching partner. Each pilot site had

a unique quality to help us better understand how FSS could be impactful. We selected two urban sites and two suburban sites of different sizes, makeups and property staffing structures. As with any new endeavor, there are always system process, workflow development issues that arise and need to be resolved, but we learned a lot and we are still improving. At its core, FSS is an asset-building tool and financial incentive. We learned that the best way to leverage the power of FSS is with high-quality, individualized financial coaching that helps residents devise plans, set goals and work toward achieving those goals.

TCA: Who can enroll in FSS? How long do they participate? Do they reach a point where they "graduate" from the program or otherwise become ineligible?

Stuart: Any POAH resident who receives project-based rental assistance is eligible. You must first submit an FSS Action Plan to the regional HUD field office, which basically tells HUD how you intend to run your FSS program. When an individual enrolls in FSS, the program lasts five years with an option to extend. We are in our third year, so we haven't encountered that yet. There is a way to graduate early. A resident must be employed at the time of graduation and be free of cash welfare assistance for 12 months. Nine people have graduated early and made the decision to move on and buy homes, move into market-rate rental housing or otherwise find a situation that was a better fit for them.

TCA: Who manages your tenants' escrow accounts? How do you monitor that the rent savings being accumulated in these accounts is being used appropriately?

Stuart: POAH manages the escrow accounts. We set them up. We track the escrow credit each month. We report to HUD on what that credit amount is. We take on that responsibility, but we also work closely with our financial coaching partners to ensure that residents fully understand their obligations. It's important that residents drive their experience. We enable residents to access funds in their accounts; however, we create parameters around what those funds can be used for. We also contribute toward the goals that residents establish. If you enroll in FSS and your goal is homeownership, your financial coach will sit down with you and map out a plan. This may involve repairing your credit or taking on more hours at work and crafting a budget around what that would look like. Maybe it involves purchasing a reliable vehicle that helps you get to your current job or a better job. You might need access to those funds while enrolled in the program to purchase a new car or pay down debts to improve your credit record. It's important to us that residents set goals, define what success looks like, and we help them craft a plan to get there.

TCA: Your partner in this effort is a nonprofit called Compass Working Capital. How did you find them? What activities do they perform? How do you pay for their services?

Stuart: Compass is a financial services nonprofit based here in Boston. When we connected with them in 2015, Compass already had several years of experience running FSS programs in public housing communities throughout New England. At six of our communities, Compass has hired and trained highly experienced financial coaches to work with our residents. They assist with the entire launch process, outreach to residents, enrollment and coordinating with property management staff around escrow setups. Compass provides workshops on budgeting, credit and debt management and saving, as well as individualized coaching. Compass also provides training and technical assistance on a national level to other companies that are interested in setting up their own FSS programs. The services provided by Compass we pay ourselves. As a nonprofit, we reinvest our financial resources to advance our mission, including in resident services, like FSS.

TCA: What other companies besides Compass provide similar financial education services? Is there a resource that our readers can use to identify potential FSS partners?

Stuart: We work with one in Independence, MO called Community Services League, which is a local nonprofit that we partner with at a 750-unit property called Hawthorne Place Apartments. Community Services League provides financial education services, along with employment coaching, family stability coaching, and a

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host of other services. If any of your readers are interested in FSS, and finding a local partner, I recommend they reach out to Compass to access its national network because they can help make connections.

***TCA:* Your enrollment rate is around 30 percent. What steps are you taking to increase participation? Is there any reason why you haven't implemented FSS throughout your entire affordable housing portfolio?**

Stuart: Nationally, the FSS enrollment rate hovers around four to five percent, so we think 30 percent is pretty good and at some of our communities we get as high as 60 to 65 percent enrollment. Residents are not always comfortable talking about their personal finances or money with neighbors or with a stranger, so a lot of trust-building work goes on. They may be more inclined to enroll once they see their neighbors succeeding or they hear about the power of FSS. For some families, it's not the appropriate time to enroll for personal or financial reasons or something related to their job. But we do feel good about our enrollment rate at this stage. We don't offer FSS at every POAH property yet, because we wanted to start small and really get familiar with how to run a successful program. We also felt it was important for the financial coach to be physically located at the property. While that approach has worked well for us and many of our residents, it is not feasible at every property in our multifamily portfolio, especially those properties that don't have a high enough concentration of people receiving project-based assistance.

***TCA:* Why should other property owners follow your lead and implement their own FSS programs?**

Stuart: FSS has had a transformative impact on our residents and our property management staff. We have seen residents move out and purchase homes, take on new jobs, and increase their work hours because FSS gave them the incentive and support that they needed to do that. The average FSS graduate builds thousands of dollars in savings. We haven't had many graduates yet, since our first participants are only halfway through their five-year contracts, but the average person has saved about $3,500 and program-wide across all participating POAH properties it has been well over $350,000. The short-term administrative burdens of expanding FSS to a new property are very quickly erased by the positive impact it has on everyone. Our property managers tell us that resident relationships improve and their ability to collect rent and operate the property. It's also positive when a new family moves in and you can say, 'We have this fantastic program. It's a great opportunity for you and your family to achieve life-changing goals while you're living at a POAH community.'

***TCA:* What plans do you have for 2019?**

Stuart: We continue to work with Compass Working Capital to improve our FSS programs, hone our financial coaching skills, understand the goals that residents are setting and analyzing their progress. We are also exploring new methods for delivering financial coaching to better serve sites that are not currently being helped and thinking creatively about how we can innovate and take FSS to the next level. TCA

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There's a Nurse in the House

USA Properties' staff and residents coordinate care

By Mark Olshaker

USA Properties discovered that 25 percent of the residents in its senior communities moved out due to health issues. With two-thirds of its portfolio involving seniors, President and CEO Geoff Brown wondered what else he could do in the senior space.

Geoffrey Brown

The result is a pilot program, now in its third year, that provides nurses to three USA senior communities in the greater Sacramento area: Creekside Village in the city itself, Sierra Sunrise in Carmichael, and Vintage Oaks in Citrus Heights. Each location has an office for a specially trained, part-time nurse who works with social workers, service coordinators, property managers, maintenance staff and the residents themselves. This partnership between USA Properties Fund, Inc., the Roseville, CA-based affordable, senior and market-rate housing developer, and LifeSTEPS, the social services organization headquartered in Sacramento, dedicated to providing effective educational and supportive services to maximize the strengths of individuals and build resilient community, is an impressive and replicable model for affordable senior housing management.

"All of it goes under the heading of care coordination," says Meredith Chillemi, LifeSTEPS' director of aging and education services.

"When we started out, we watched seniors age in place but there was no connection with health services," LifeSTEPS executive director Beth Southorn observes.

"LifeSTEPS is the largest senior services provider in the state of California. And we've been working with them for 22 years," states Brown. "Beth has been very involved working with seniors on all sorts of social service programs. We will do anything we can to help our residents, so we created a 501(c)(3) to focus on senior services in affordable housing and help the residents age in place."

Though they come from different sectors and disciplines, Brown says of Southorn, "Philosophically, we have the same goals. We're both passionate and try to be innovative about affordable housing." Together, they planned the pilot program and from the start, they were insistent on a rigorous, methodical, needs-based approach and measurable, evidence-based calculi.

"The only way we were going to get to where we needed to be was to prove it with the numbers," Southorn adds. "I approached Geoff and said we have to prove this is cost-effective. We each agreed to pay half." The pilot program covers about 675 residential units.

"In the affordable housing industry, we rely on a lot of government and outside money," Brown says. "It was very important to me that we use whatever resources we have as efficiently as possible. We knew there was plenty

of need, but I didn't want to go out and ask other people for funding until we could show lots of metrics and outcomes. We didn't want to sell an idea, but an actual program that was up and ready and working. I wanted to be confident to say, 'This is a cost-effective model.' We decided to start this thing and put up our own money as an R&D expense, paid for out of the operations of each community."

Effectuating Efficiencies

From the start, it was axiomatic that if an on-site program could keep seniors in their homes and out of nursing homes and extended care facilities, and if they experienced fewer necessary hospital visits, significant cost savings and efficiencies could be achieved.

Beth Southorn

The first step was a needs assessment, tailored to each community. "We spent several months interviewing residents and seeing what their needs were," Southorn says. "We asked ourselves, 'What is the purpose of healthcare in our community-based approach?'"

"There are a number of important social determinants of health," Chillemi continues, "including age, gender, sexual orientation, education level, social and cultural considerations and, of course, access to healthcare." Some of these relate closely to acknowledged barriers to optimum outcomes, such as lack of health understanding and information, red tape with medical insurance and government bureaucracies, literacy and language skills, and not receiving timely preventive services that then lead to hospitalization.

Chillemi explains, "Our health management focusses on what we found to be the top ten chronic diseases of seniors: high blood pressure, high cholesterol, arthritis, heart disease, heart failure, diabetes, depression, Alzheimer's disease and other forms of dementia, and chronic obstructive pulmonary disease (COPD).

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Resident Car Rentals—and They Are Electric

In an effort to offer more useful and economically viable services to its residents, USA Properties Fund Inc. has teamed with Envoy Technologies of Culver City, CA, in a pioneering pilot program to provide shared, all-electric, emission-free vehicles for its low-income residents at four affordable housing communities in the Sacramento area. Residents will be able to rent the cars on a low-cost hourly or daily basis for their own personal use and to earn income by driving for ride-hailing services, like Uber and Lyft or make deliveries.

"It's a forward-thinking, innovative idea that will give our residents a cost-effective transportation option," states USA Properties President and CEO Geoff Brown. "Some of our residents don't own a car, while others need a vehicle once in a while for grocery shopping or other errands. These are the residents who will benefit the most from the program." He is also excited over the prospect of USA's residents being able to earn significantly more than minimum wage income on their own time schedules.

The Envoy electric cars, such as Chevrolet Bolts and Volkswagen e-Golfs, are available at USA's Cottage Estates, Creekside Village, Terracina Gold and Vintage at Natomas Field communities. Envoy has installed electric charging stations at each of the properties. The program includes full insurance coverage, 24-hour customer service and roadside assistance. Residents access the cars through the Envoy There smartphone app, and the company says the service is more convenient and efficient than Zipcar and similar rental programs because cars are available only steps away from the users' front doors.

Brown is hoping to expand the offering to other affordable communities in the region.

Envoy, founded in 2017 with two electric vehicles, now has hundreds and shares USA's commitment to assist economically challenged families. "Envoy is committed to ensuring the future of mobility is available to all," says cofounder Aric Ohana. "Envoy aims to deploy at least half of our vehicles in disadvantaged and low-income communities, which have historically been overlooked by mobility innovations."

The company recently received a $1.5 million grant from the California Energy Commission to create a shared mobility program for lower-income residents throughout the Sacramento and San Francisco Bay areas. TCA

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One of the nurse's responsibilities is to provide education to residents on signs and symptoms. And for those diagnosed, we provide further education into management with the final outcome goal defined as management in the 'good range.'" The nurse connects residents directly to healthcare providers.

As the pilot program began, a range of challenges surfaced. "We found there was definitely a disconnect between housing and healthcare people," Southorn says. "It took time for each group to learn how to work with each other. It wasn't always easy getting the right fit. Also, we found that there are different skillsets for an in-hospital nurse and a community-engaging nurse. The community nurse has to be able to engage effectively with social workers and property managers on-site, as well as others, such as the maintenance people."

Bringing the maintenance staff into the equation is an often-overlooked, but important, resource. They are the people most likely to be in resident's dwellings on a regular basis and therefore can observe firsthand how they're doing. "They have a relationship with the seniors," Chillemi says. "They have known these residents for a long time and have a baseline about their health. If there is a problem, they can report it."

Meredith Chillemi

In actually designing the pilot program with USA, Southorn says, "I drew on all my years in affordable housing." It involved a schedule of progressive goals, and it is on track to meet them.

As Chillemi outlines: "In the first year, we focused on the social workers and the social determinants, so that the social workers and nurses would learn how to work together with the residents and property managers. In the second year, we knew the needs of the residents, so we built the program based on that knowledge. In the third year, we've been able to transition to less intervention and more of a maintenance position."

Residents and Staff as Partners in Wellness

"Thriving in place" is a phrase LifeSTEPS uses in its communications with residents, outlining the services available to them and the goals of the program. The idea is to make the seniors active partners in their own health and wellbeing outcomes. Once they are onboard with the program, they start becoming proactive and they teach other residents. Many now come to the nurse on their own to have their blood pressures checked and other basic tests.

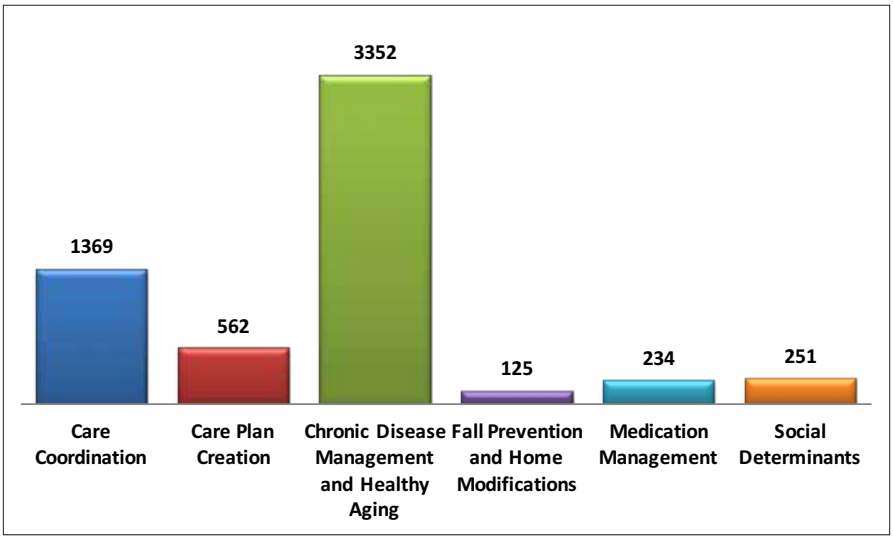
"We have a long history with the residents, which means they trust us," Southorn says. "They see the nurse in the club house and socializing. She is a trusted member of the community."

The ultimate success of the pilot program will be judged by numbers and other statistics. But the individual examples are what put a human face on the efforts. "We are literally saving lives," Chillemi declares.

"A property manager might notice a resident with bruises," she suggests, "and realizes that she had a fall. The nurse is going to look at her medication and see if that had anything to do with the accident and review her fall-risk assessment. The social worker will set up transportation to a fitness class, such as Tai Chi, to help with strength and balance. And the property manager might coordinate with the maintenance staff to install grab bars and other stability aids." All of these are components of the new approach to care coordination. For example, if a nurse recommends a particular food need for a resident, the social worker will figure out the means to access the right food program.

Chillemi recalls a resident who had cancer of the jaw. "The nurse helped the gentleman pre-surgery. And during his hospitalization and convalescence the social worker arranged care for his wife with dementia. The nurse advocated for his rehabilitation and helped stabilize him by administering his IVs. A resident at Creekside came home from the hospital with respiratory distress. It turned out he didn't know how to set up and clean his nebulizer, so the nurse came in and showed him how. Several days later, he called her and said he didn't feel well. She looked into it and found he had been given the wrong medicine for the nebulizer. She was able to get him stabilized without rehospitalization."

"When you're released from the hospital, you just want to go home and go to bed," Southorn says. "Often, seniors are given information on discharge that is not always easy to understand. Our nurse helps arrange aftercare and the social worker determines it to be safe and successful." Overall, real-time case management



RN Program Outcomes Summary

RN Program Outcomes Summary

Outcome Categories	# of Outcomes
Care Coordination	1,369
Care Plan Creation	562
Chronic Disease Management and Healthy Aging	3,352
Fall Prevention and Home Modifications	125
Medication Management	234
Social Determinants	251
Grand Total	**5,893**

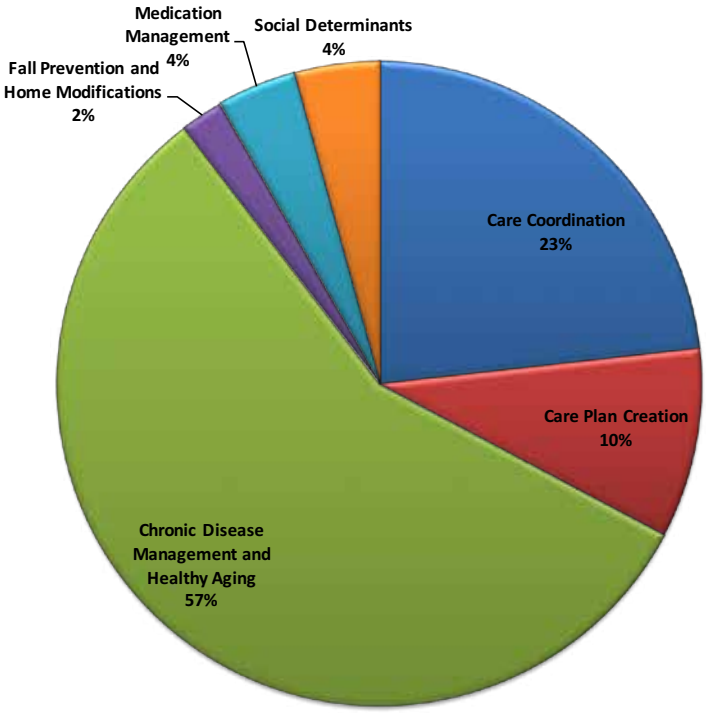
is the goal. This has significant cost implications, since Medicare can penalize a hospital if a patient has to be readmitted for the same condition within 30 days.

"We're involved with hospitals, state government, the lending community and foundations," says Brown. "Our goal is to scale it up in a way where we're recruiting more nurses."

"We found there were not enough community nurses being trained, so we're working with UC Davis, with eight masters-level students and their community instructor," Southorn explains.

"We take a lot of pride in building projects that, if you drove by, you would not be able to tell it was an affordable housing community," Brown says. He defines that as Goal 1.0. "Adding social services to our communities, including after-school programs, scholarships and other features is 2.0. The nurse and health maintenance programs are 3.0, through which I feel we are creating outstanding communities. And we couldn't achieve that without the partnership with LifeSTEPS. We are really trying to be impactful on our residents' lives."

"We are very, very proud of this program," says Southorn. "I feel elated that we're at the point where we have enough to talk about that we can move the needle closer and closer to resident healthcare. We have created a database with advanced measurements that is a lens for Geoff and me to have the numbers to show the success. We want to show nationally what works. We've learned some important things and we don't care who does them, as long as they get done!" TCA



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CORES Certifies Resident Service Operations

Improved health outcomes and a healthy loan discount

By Mark Fogarty

A new certification not only indicates that an affordable housing owner/manager has a coordinated and robust resident services operation but also that it can help them qualify for an up to 30 basis point discount on a multifamily affordable housing loan from Fannie Mae.

The Certified Organization for Resident Engagement & Services (CORES) certification, run by the Washington, DC-based Stewards of Affordable Housing for the Future collaborative of developers, was designed in part to facilitate good health outcomes for residents, according to Eileen Fitzgerald, executive director of Stewards of Affordable Housing.

Six groups have earned the new designation, which was begun last year, with another eight in the pipeline, according to Alexandra Nassau-Brownstone, CORES project director. She is expecting many more this year.

"It had two geneses," said Fitzgerald about CORES. SAHF had funding from the MacArthur Foundation to do a "community of practice" around enhanced resident services and coordination. "As part of that we developed a framework, which described what an organization does to have a good quality resident services program, especially from a coordination perspective."

Around the same time, "We happened to have conversations with Fannie Mae about health and housing about their interest in active design of resident services and how that could support good health outcomes in properties. In those conversations, SAHF shared with Fannie Mae how important it thought resident services coordination is."

Resident services "coordination" refers to all functions tied to the organizational mission to implement resident services in affordable housing rental properties, including corporate and site-based staff, funding, technology systems, services and programs, research and evaluation, organizational knowledge, and the tools necessary to represent resident services, according to CORES.

"We think of health broadly," says Fitzgerald. "It's not just, have residents' blood pressures gone down or have they lost weight. But also, are they under financial stress? Are their kids able to go to school? We talked about a whole range of things which the social determinants of health will tell us impact health outcomes."

What emerged from the discussions was that Fannie Mae asked SAHF to develop a certification around resident services coordination.

"That's what CORES is," says Fitzgerald. "They (Fannie Mae) are using it for their Heathy Rewards loan product." But the designation isn't just to qualify for the discount on a Fannie Healthy Rewards loan. "It's basically certification for organizations that they have a demonstrated experience in doing resident services coordination."

She continues, "That (the certification) will give you up to a 30 basis point discount to your interest rate. In addition, Fannie Mae will pay for the certification, as long as you're a Fannie Mae-eligible borrower. You don't have to commit to using the (Healthy Rewards) product to get the certification paid for.

"We also have a third-party certification for third-party resident services providers. Sometimes they are property managers that have a resident services function. Sometimes they're a standalone. Any affordable housing developer/owner who wanted to use Fannie Mae's Healthy Rewards product could contract with that third-party provider. Not all developer/owners have the capacity."

Wide Swath of Services

CORES "is rooted in best practices," says Nassau-Brownstone. And that's not just rooted in health outcomes but in other areas as well. "There have been some really innovative partnerships developed with organizations doing tax preparation," she says.

According to Fannie Mae, "Borrowers who incorporate a system of resident services for their tenants—such as health and wellness services, work and financial capability support, and child education and academic support—may be eligible for below market-rate pricing.

"Property owners must become (or partner with) a CORES

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certified sponsor, and obtain Enhanced Resident Services (ERS) certification for their property. To qualify, properties must include at least 60 percent of units serving tenants who are at or below 60 percent of the area median income."

CORE User Perspective

Boston-based owner/manager Preservation of Affordable Housing got its CORES certification last year, said Julianna Stuart, director of community impact at the nonprofit. It has yet to do a Healthy Rewards loan with Fannie Mae but is interested in the program.

"We don't have one of those projects in the pipeline but we felt CORES certification opened up that opportunity to us and we wanted to apply so we were in a position to access that," she says.

"There was an online application process that asked us to share our approach to resident services coordination from the systems perspective – our philosophy and approach, and then provide detail and examples of how we assess community needs and how we measure impact."

POAH manages more than 10,000 apartments in more than 100 developments in eleven states. "Our approach to resident services is an important part of our mission as a nonprofit owner and operator of housing," says Stuart. "We really believe affordable housing can be a platform for opportunities for residents, can have a positive impact on the property and downstream, it can have positive consequences for society at large," she says.

"We invest in our residents through what we call community impact, our brand of resident services. We expand that work across our portfolio to hire dedicated staff at both the central office and site levels and invest in promising programs, like the Family Self Sufficiency program (see *Talking Heads*, p. 12), the Family Independence initiative and a college savings account program. We do take a systems approach and the CORES certification makes a lot of sense to us because it aligns with how we think about our work."

The CORES website at https://coresonline.org/certification provides resources, tools and best practices to help providers of resident services coordination to improve their service delivery and management systems.

Health and wellness is one of six outcomes POAH measures through resident surveys and data gathered from partners and through the property management process. The group's website informally tracks outcomes from the individual level, to the group level and even to the geographic level.

Resident Perspective

Melissa Harris, a POAH resident in Canal Bluffs, MA, says, "I've been a nursing assistant for 18 years and now I'm taking classes at the community college to become a nurse."

The group's Facebook page gave a shout out to Dalia Andres, community impact coordinator at its Pocasset Manor, Providence, RI development, "For bringing in local partners and organizing health programs that help our elderly and disabled residents. Recently, she worked with Progreso Latino to offer a six-class chronic pain management program that taught residents how to deal with chronic pain, with the goal of increasing health and reducing emergency room visits."

POAH also reported resuming a community partnership to bring health services to the residents of Blackstone Apartments in Boston.

"The Connect to Wellness Program connects seniors and disabled residents at Blackstone with healthcare providers from Massachusetts General Hospital and Boston Senior Home Care to keep them healthy. Through the program, an MGH nurse checks vital signs, advises on self-management of medical conditions and medication and helps coordinate and communicate with other medical personnel. Boston Senior Home Care provides social services to residents through a geriatric social worker and resource specialist who offer counseling, referrals, and assistance with entitlements programs."

POAH also was instrumental in bringing a Jewel/Osco store to the Woodlawn neighborhood in Chicago where it runs five apartment buildings, bringing fresh foods to remedy a city "food desert" for residents. TCA

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Making Healthcare Convenient

Data Shows Maryland's Health Enterprise Zones Reduce Cost of Care

By Mark Fogarty

There's plenty of data to indicate Maryland's Health Enterprise Zones (HEZ) have been successful in their goal of reducing health disparities for racial and ethnic minorities and reducing healthcare costs in the state.

A study by the Johns Hopkins Bloomberg School of Public Health released late last year has concluded the HEZ initiative saved $93 million in healthcare costs and accounted for 18,000 fewer hospital stays over four years. Emergency visits did boom in the five state health Enterprise Zones during the 2013 through 2016 study period, with 40,000 extra ER visits in those five zones, but even that may have been a positive result of the HEZ initiative, according to Darrell J. Gaskin, PhD, the William C. and Nancy F. Richardson Professor in Health Policy in the Department of Health Policy and Management and director of the Hopkins Center for Health Disparities Solutions at the Bloomberg School and lead author of the study.

"We think that many of these patients visiting emergency rooms normally would have been admitted to hospitals, but in the zones, with their community-based resources, the hospitals may have been better able to send those patients home to rely on those community resources instead of admitting them," Gaskin says.

"The 40,488 extra ER visits cost insurers and patients an estimated $59.9 million," according to the Bloomberg School. "The reduction of 18,562 inpatient stays saved an estimated $168.4 million for a net savings of $108.5 million, against the $15.1 million cost of the zones initiative during the same period."

"We see a large cost saving here from a relatively small investment," says Gaskin, who advocated more HEZ zones be established in the state.

The study, "The Maryland Health Enterprise Zone Initiative Reduced Hospital Cost and Utilization in Underserved Communities," was written by Gaskin, Roza Vazin, Rachael McCleary and Roland J. Thorpe, with funding provided by the Maryland Department of Health.

It notes Maryland implemented the HEZ initiative in 2013, "to improve access to healthcare and health outcomes in underserved communities and reduce healthcare costs and avoidable hospital admissions and readmissions. In each community the HEZ initiative was a collaboration between the local health department or hospital and community-based organizations.

"The initiative was designed to attract primary care providers to underserved communities and support community efforts to improve health behaviors. It deployed community health workers and provided behavioral healthcare, dental services, health education and school-based health services."

Gaskin and his colleagues compared trends in admissions in ER visits and hospital admissions for people in 16 zip codes covered by HEZs and in 94 zip codes that were not covered but met the criteria for the zones.

The program was authorized by the Maryland Health Improvement and Disparities Reduction Act of 2012 with an initial budget of $4 million per year for each of four years to establish the zones. It was jointly administered by the Community Health Resources Commission (CHRC) and Maryland Department of Health and Mental Hygiene (DHMH).

The program was considered complementary to the national Affordable Care Act (ACA) in its focus on reducing healthcare costs by reducing re-admissions to hospitals, which was also a big part of the ACA.

A pre-zones analysis by the state's Health Disparities Work Group, "Focused on ways to address the root causes of health disparities, as evidenced by higher rates of diseases and illnesses, such as asthma, diabetes and hypertension.

"The Work Group developed recommendations, including the creation of HEZ to saturate underserved communities with primary care providers and other essential healthcare services."

According to the Maryland Department of Health, the zones were designed so each would be a contiguous geographic area, have documented evidence of health disparities, economic disadvantage and poor health outcomes, and would be small enough to allow incentives to have a significant impact but large enough to track data, with populations of at least 5,000.

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Maryland, continued from page 23

Each HEZ had to demonstrate economic disadvantage either through its Medicaid enrollment rate or Women Infants Children participation rate. And it had to demonstrate poor health outcomes through a lower life expectancy or percentage of low birth weight infants.

Maura Dwyer, HEZ program director at the Maryland Department of Health, noted the HEZ enabling legislation provided these incentives to attract new healthcare providers:

- State income tax credits;
- Hiring tax credits;
- Grants for program support, equipment purchase or lease; and
- Loan repayment assistance programs.

She also noted practitioners had to have cultural competency training, accept Medicaid and uninsured patients, and have a letter of support to access the tax credits.

The five zones designated were Annapolis/Morris Blum, Capitol Heights, Caroline and Dorchester counties, Greater Lexington Park and West Baltimore. Though the original four-year program, overseen by the Maryland Department of Health, has sunset, the individual zones are continuing the initiative.

Data from the individual zones also indicates considerable success in meeting HEZ goals.

Maha Sampath, who directed the West Baltimore effort and now is chief of staff at Bon Secours Baltimore Health System, gave an extensive report on that zone's results in 2017.

She noted that in the West Baltimore zone, African Americans made up 76 percent of 86,000 residents in four zip codes with an average median income of $21,768. The zone also had, "The highest disease burden and worst indicators of social determinants of health than any other community in Maryland." Patients were three times as likely to have cardiovascular disease as those in any area of the state. Cardiovascular disease and associated risk factors, like diabetes and hypertension, were targeted by the zone.

Some of the metrics Sampath quoted were that the effort provided care coordination services to 1,194 HEZ residents as of March 2017 with an average readmission rate of 14 percent for high utilizers, compared to a baseline of 17 percent and a prior year rate of 15 percent. "Pre/Post analysis shows reduction in emergency department visits and hospital charges and success in connecting high utilizers to a community health worker and a primary care provider."

One key to success was getting more healthcare providers in the zone. West Baltimore used $170,000 in tax credits to recruit 25 providers and put on four Community Health Worker training sessions.

It offered free courses on nutrition, physical activity, smoking cessation, and stress relief, provided care coordination and community health outreach services at public and senior housing sites, and, in conjunction with partners, sponsored community outreach activities focused on health and wellness, according to the presentation. Sixteen grants, totaling $130,000, were awarded to those community partners. More than 100 health career scholarships also were awarded, for $338,000.

One scholarship recipient, Rodney Butler, says, "I am currently in school to become a respiratory therapist. The curriculum and the journey so far have been tasking, tedious and challenging but worth every minute. While attending college, I am able to not only help myself but inspire my children to always seek higher education and strive to be as productive as possible."

Sampath presented readmission rate data that showed a big reduction for West Baltimore. Between 2012 and 2015, the zone achieved a 14.8 per thousand reduction in unplanned readmission rates, from 37.3 per thousand to 22.5. That was more than any of the other HEZs and the state as a whole.

State stats for the Annapolis zone show total patient visits throughout this HEZ increased from 433 in the fourth quarter of 2013 to 489 in the first quarter of 2015; the number of patients who received primary diabetes care went up to 95 from 33; and the total number of unduplicated patients was up from 297 to 348. TCA

SOURCES:

***Darrell J. Gaskin**, Lead Author, "The Maryland Health Enterprise Zone Initiative Reduced Hospital Cost and Utilization in Underserved Communities," report by the Johns Hopkins Bloomberg School of Public Health.*

***Maha Sampath**, Chief of Staff at Bon Secours Baltimore Health System, presentation on the West Baltimore health enterprise zone, 2017.*

Active Design For "Healthy Buildings"

NYC Center makes cities more livable

By Scott Beyer

There is a small but growing worldwide movement to incorporate modern health best practices into building designs. Health problems, after all, continue to be manifold in developing and developed nations alike. Meanwhile, there's a growing body of research saying that the design and layout of buildings and public spaces can help contain the spread of certain diseases, and make cities more livable. One organization, the Center for Active Design (CfAD), is leading this "healthy building" concept. Recently, I visited its Lower Manhattan office to learn which types of projects they propose, and how developers and financiers of tax credit projects can participate.

CfAD was formed in 2013 by a group of professionals in the health, architecture, planning and development fields. This included Joanna Frank, current president and CEO, and Reena Agarwal, the COO, both of whom worked under Mayor Michael Bloomberg. During Bloomberg's three-term mayoralty, the city's health department was aggressive about promoting certain health goals, from a commercial smoking ban, to posting PSAs against unhealthy food. One aspect of Bloomberg's agenda to curb obesity was promoting "active design,"or the idea that buildings and public spaces could be retrofitted to encourage exercise or other health goals. Public sidewalks, for example, could be more open and inviting, while buildings could feature stairwells near their entrance, so that tenants were impelled to skip the elevator.

During Bloomberg's mayoralty, Frank and Agarwal branched off together to create CfAD, helped in part by the billionaire mayor's money. The point of the organization is to advance this active design concept, publishing guidelines and consulting with key public and private players. To determine whether buildings or spaces are healthy, CfAD uses the Fitwel metric system, which the organization formulated in-house, in collaboration with different health and government organizations. Dozens of metrics determine a building's Fitwel score. On the site's workplace scorecard, factors include the neighborhood Walk Score, proximity to public spaces, number of stairwells, access to sunlight, clean water supply and more. The scoring is through a points system that determines whether a project gets one, two or three stars, with three being the highest.

Affordable Housing's Achievements

Some of CfAD's money is foundational, including from the Knight Foundation and Bloomberg Philanthropies. But a lot of it is fee-for-service consulting, paid for by clients who want high Fitwel scores. Many cities aim to copy the health-first approach of New York City under Bloomberg. New Orleans hired CfAD to help make Bourbon Street—of all streets—healthier by closing it to automobile traffic and making other subtle design changes. One of CfAD's main private clients, said Agarwal during an interview, is the Urban Land Institute (ULI), a think tank that advocates for development best practices. ULI hired CfAD to give presentations or work with specific developers. The organizations partnered to publish a report, "Healthy Housing For All," that, according to ULI's website, "Explores the affordable housing industry's achievements in creating healthier housing environments and translates them into lessons for the broader housing marketplace."

CfAD is also hired by individual developers, so that they can leverage the government incentives available if they build healthy projects. Fannie Mae has a "Healthy Housing Rewards" initiative that, according to its website, "Provides financial incentives for borrowers who incorporate health-promoting design features and practices or resident services in their newly constructed or rehabilitated multifamily affordable rental properties. Borrowers can follow one of two pathways to qualify for discounted financing."

One of those paths is by completing properties that meet Fitwel's minimum certification standards. The other is by providing resident services that meet the Certified Organization for Resident Engagement & Services (CORES) or Enhanced Residential Services (ERS) guidelines. In either case, three-fifths of the units on these properties must be available to tenants making below 60 percent of area median income.

Examples

One example of a project that used CfAD to leverage this cheaper Fannie Mae capital was the Edgewood Court Apartments. It was developed in Atlanta by Jonathan Rose Companies, and includes 222 new or renovated low-income housing units. The project, in fitting with the Fitwel model,

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Center for Active Design, continued from page 25

includes a 4,500 square foot community center, and upgrades that improve the building's energy- and water-efficiency.

Another government incentive that has helped propel CfAD projects are the tax credits at multiple levels of government. Several case studies come from Blue Sea Development, which won CfAD's 2014 design excellence award. The firm has built sustainable projects across New York City. The Melody, a low-income co-op in the South Bronx, was the first development to receive a LEED Innovation Credit for Health through Physical Activity. The Prospect Plaza public housing revitalization, which Blue Sea partnered with the New York City Housing Authority on, added 364 units. And the Arbor House, another low-income project in the South Bronx, is an active design unicorn. It features a 10,000 square foot hydroponic rooftop farm, which enables residents to purchase healthy food within their own building. Mount Sinai Hospital is evaluating Arbor House to assess the health impact of this model. The $37.7 million project, which includes 124 affordable units, benefited from several million in city and state funds, and $12.8 million in Low Income Housing Tax Credit equity. Blue Sea Development is owned by Les Bluestone, who has been a prominent developer in the active design movement, even sitting on CfAD's boards.

These are just the highlights. In five years, CfAD, which now has ten full-time staffers, has influenced the decision-making of many other developers. According to the organization's public relations department, CfAD's work has led to the certification of over 600 projects, with 150 more in the pipeline, affecting 35 million square feet. The global users of their research and products are 1,300. There have been 35 countries represented, and the total people impacted is an estimated 465,000.

This doesn't mean that incentivizing healthier buildings will solve all the world's chronic diseases. But it is one way to incorporate a powerful profession that, up to this point, has largely avoided the public health conversation.

"It's been a missed opportunity in the last 50 years to prioritize and elevate health within the built environment," Agarwal says of the CfAD mission. "It's not brain science. It's something that just takes a reprioritization of the work that architects and developers do to ensure that health is a critical component of their work." TCA

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Challenged Assets

Millenia takes on a portfolio full of surprises

By Mark Olshaker

In late 2016, the Millennia Companies, a vertically integrated real estate development and management firm in Cleveland, OH, that owns and manages nearly 30,000 residential units spread across 27 states, entered into a contract to purchase a portfolio of Section 8 properties from the financially troubled Global Ministries Foundation (GMF) of Memphis, TN. More than two years later, president and CEO Frank Sinito calls the acquisition, "The most challenging effort I've ever experienced." The sale, for which there were multiple bidders, represented about half of the GMF portfolio. A spokesperson for the foundation called the transaction a "redevelopment strategy." Several media outlets reported that GMF was under investigation by the United States Department of Housing and Urban Development (HUD) Office of the Inspector General and the Securities and Exchange Commission.

Frank Sinito

"Our growth has consisted of acquiring portfolios in the 500- to 2,000-unit range. Millennia's mission-driven model has always been to purchase challenged assets for four and nine percent Low Income Housing Tax Credits," says Sinito. Sinito is something of a renaissance man. Aside from the Millennia management, construction and development companies, which he formed in 1995 for both market-rate and affordable housing, he and his wife own a popular Italian restaurant, and in 2017 opened a steakhouse in a historic Cleveland building.

His social consciousness finds many outlets. Sinito is chairman and a founding board member of True Freedom Ministries, a nonprofit organization dedicated to reaching the incarcerated, the homeless and those trapped in addiction across Ohio. Since college, his ongoing passion has been to provide quality housing to those who need it most. This mission helps guide him through the day-to-day complexities of stabilizing the GMF portfolio.

"Our acquisition [from GMF] was contingent on full tax credit rehabs," he explains. "And our initial purchase agreement had us closing once we had the tax credits. We met with HUD officials to get their approval. A significant development was that the third-party management companies pulled out. We never intended to manage these properties, but that is what we were forced to do.

Valencia Way, formerly Eureka Gardens, in Jacksonville, FL, is one of the Global Ministries Projects that Millennia is rehabbing.

As a result, for the last two years, there has been a kind of blurred perception of ownership."

While Sinito concedes that when the deal was presented, he was certainly aware of the issues upon taking over management, he soon found that some of the GMF properties had high vacancy and were in extremely poor physical condition. "But once you get into it, you can't pull out. We don't run away from challenges," he states.

Impact On Millenia

Taking on the trials of managing the GMF portfolio has had major unintended consequences for The Millennia Companies. "It surely limited our acquisition of other properties for the last year," Sinito says. "We've also had to reassess our management company and deal with the challenges presented when managing multiple troubled properties at once."

One of the most impactful of those consequences, in Sinito's mind, has been to the company's public image, which has always been associated with high standards and Sinito's overwhelming concern for the welfare and safety of residents. "Taking on the management of this portfolio has tarnished our reputation," he states. "We've failed REAC [HUD's Real Estate Assessment Center] inspections, and we've encountered community groups dissatisfied with conditions. We've invested significant resources to address their concerns and improve communication."

It should be noted that local newspaper articles document that the poor conditions of many of these properties

existed long before the transfer of management and/or ownership. Still, Sinito says, "If I knew two years ago what I know now, I never would have done it. We've spent millions of dollars just carrying properties in the GMF portfolio."

He notes that Millennia mandates quarterly inspections at its properties to maintain quality and stay ahead of potential problems, and that, "HUD has discussed changing REAC guidance, which will keep everyone on their toes and will ultimately benefit HUD's entire portfolio and the residents."

Upgrading Underway

Rehabilitation is currently underway on former GMF projects in Rensselaer, NY, Memphis, TN, and Jacksonville, FL. In 2019, the company expects construction to spread to 12 GMF properties, including Windsor Cove Apartments in Orlando, FL, Forest Cove Apartments in Atlanta, GA, Stonybrook Apartments in Riviera Beach, FL and Peace Lake Towers senior community in New Orleans, LA.

"At GMF properties, we have stepped in to maintain services, stabilize operations and preserve the HUD assistance for the residents. We address immediate needs as soon as we are made aware," says Sinito.

Regardless of the current difficulties, Millennia is committed to transforming the former GMF portfolio to its traditional standards. "Preserving over 15,000 units of affordable housing is still the most rewarding part of my career," Sinito says. "When we transform a given property, we transform the lives of the residents, and it is gratifying to see the difference we make in their lives." But in the present case, he adds, "Getting there has been very, very tough." TCA

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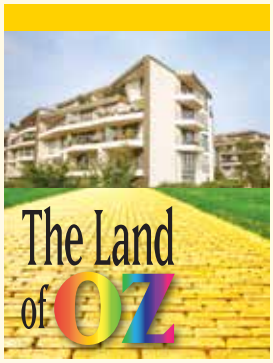
The Land of OZ

New Year's Day Family Conversation: A Scenario

By John W. Gahan III



New Year's Day – 2019

Gerry Golden, the venerable founder of The Golden Companies, dabbled with semi-retirement in 2018, having transitioned day-to-day operations of his affordable housing operation to his children, Gina and Greg, in 2017. The portfolio was doing well, near 100 percent occupancy, generating fees and modest cash flow for the Golden family. Life was good.

Nonetheless, when he awoke on New Year's Day, Gerry reminded himself of his 2019 resolution: "In 2019, I want a new challenge. Retirement is just not for me. I don't feel productive unless I am in the game…doing what I do best…finding deals."

It was a family tradition to gather on New Year's Day to strategize for the coming year. While watching the Rose Bowl parade at his son Greg's house, Gerry wasted no time, pushing Greg's and Gina's buttons.

"What are you doing about Opportunity Zones… um…opportunities?" he asked. "Are you forming funds or getting money from someone else's funds? Did you even know that 30 to 40 percent of existing tax credit properties are in areas now designated as Opportunity Zones; in other words, places we already do business. Frankly, it is disappointing that I haven't heard you utter one word about OZones."

Gina started to speak, but Gerry continued. "Don't interrupt me – let me finish. For decades, our company has made its money on cash flow, developer and property management fees and, after we have worked our butts off for over a decade, if we are lucky, we make some at the back end. But those back-end dollars get chewed up by taxes. OZones are different. Our back-end profits can be recycled into our projects and back to our pockets, without sharing as much with Uncle Sam."

Gina had heard enough. "Actually Dad, Greg and I are quite far along in plans for OZones. There is an OZone 20 miles from here, near the university. We signed an option to buy 12 acres of raw land and are looking to build 250 units of housing, in three projects. Mixed-use; work-force housing on one site; housing for the elderly in that old abandoned mill; and a third building for student housing."

Greg jumped in. "It's time we think about more than ourselves. Remember Gina's college friend, Brenda? She made millions with technology start-ups and just gave $150 million to the university dedicated to student housing for county residents who commit to working in the community for three years after graduation, devoting one day a week to community outreach. The university is doubling down, with loan forgiveness for those who make that commitment."

Gerry beamed with pride. "Okay, I was way off the mark. I am both surprised and excited. On the ride over here, I scheduled a meeting with our investor friends for tomorrow."

Gina was on a roll and not ready to stop. "Dad, if we are going to meet with anyone on OZone thoughts, we need our counsel present. Remember that Boston attorney you hired a couple years ago to negotiate our Low Income Housing Tax Credit buy-outs? Jay Gee. His shop has a whole team of lawyers focusing on OZone structuring. They represent individual fund creators, syndicators and, most importantly to us, Jay has represented developers for decades. We've already talked to him. Maybe he can join us tomorrow."

Shortly thereafter, Gina heard from the lawyer. "Happy New Year, Gina," Jay said. "I do have a some thoughts about OZones for you. There is no reason, other than historical relationships, to limit yourself to one investment company as your source of funds. There are plenty of Opportunity Funds being formed. It might be in your interest to create competition for your projects and maybe partner with a different type of equity provider.

"Also, if you are combining traditional tax credit equity with OFunds equity, it all comes down to the documentation. It is all about the terms under which these new funds will invest in your deals."

January 2, 2019 – Meeting at Investors' Office

The next day, with Gina and Greg in tow, Gerry plunged right in. "Here's what I know about OZones. We sell assets we were thinking of selling anyway. We don't

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pay taxes on our gain for a while but instead roll that gain into new deals. When we sell the new properties for a profit, we don't pay taxes (or maybe reduced taxes) on that gain. Have I hit the high points?"

Stretch, a lanky Texan, spoke first, barely able to contain his glee. "Bingo! You nailed it! I know the legislation and guidance inside and out, having read all the comments the lawyers and accountants sent to Treasury. The program is designed to be for investments made after January 1, 2018, but I have some ideas how to use OZone dollars in deals bought a year or two ago. I love it when Congress goes live with a great idea without thinking through the details."

Victor didn't even wait for his colleague Stretch to pause. "Stretch, why do you always go where no rational soul would go? Why do anything that might focus Treasury's attention on us?"

"Geez Louise!" Stretch said. "Stop being such a downer! The law is the law. I'm not doing anything illegal. This comment period has been a gold mine of ideas we can use to our advantage. Treasury asked for comments and all the lawyers and accountants couldn't help themselves, inundating Treasury with what they say is missing, asking for more guidance and more rules. For them, everything must be spelled out, like an Ina Garten recipe. Not me – I do deals in the areas of uncertainty before the IRS tightens the law."

Heidi, another colleague, fidgeted with nervousness before she spoke. "Wait, wait, wait, you are going too fast. The rules aren't even written yet. Let's both wait until everything is spelled out?

There are a ton of questions and only a half ton of answers. We don't even know what reporting will be required. Is it really worth it to rush in?"

Gerry had heard enough. "We are getting nowhere fast. Let me ask, have any of you actually closed an OZone investment yet?" The silence was deafening.

Gerry erupted. "You haven't formed a fund, let alone closed a deal and you don't even have a working partnership document. We are further along than you are. We'll meet with our counsel and send you our 'must have' terms. If you can accommodate us, great, but, if not, we'll take our thoughts elsewhere."

At a coffee shop outside the investor's offices, Gerry was frustrated. "No one in that room was ready to do anything. Heidi is too paralyzed to act, Victor wants to play 'follow the leader' instead of being the leader and Stretch has never seen an out-of-bounds stake he doesn't want to move.

"We have other, better potential partners," Gina said. "They are community development oriented, they have syndicated tax credits and they are tight with the university. They might be a good fit."

"One housing project is fine for us and our residents but it doesn't move the needle for the community," her brother said. "If we work in tandem with other projects, we multiply the community impact while doing what we are good at.

Gina then suggested, "We need a session with Jay and his team."

January 3, 2019 – Conference call with Gerry, Greg, Gina and Jay, their lawyer.

"First, you need to figure out your end," Jay said. "There's a lot of structuring to map out…twinning OFunds with LIHTC or historic credits or both…maybe different investors… different holding periods, different exit strategies.

"There are two places to get OFund money: someone else's fund or forming a fund yourself. Remember the issues I identified in your tax credit partnership documents? Provisions, like 'exit' rights, forced sales, assignments, back-end splits and consent rights. OZone investment documents will give rise to the same issues. When you accept someone else's money into your deal, the money dictates the terms of the partnership agreement negotiations. It will start with their form documents.

"But, right now, there are no industry standard forms. We can negotiate everything, with particular attention to what happens when you want to sell the property. And, you know from experience, the time to be thinking about exits is on the way into a deal, not when you are trying to get out.

"You can dodge a lot of those issues and have more control if you create your own fund. If it is your money, it is your rules. The current regulations are encouraging. Allocating different values to land and buildings makes it easier to satisfy the 'substantial improvement test.' Self-certifying makes initial compliance simple and the timelines work. Having a safe harbor on working capital makes sense when other people's funds invest in our deals, but if we create our own qualified OFunds, we don't need that. I see little risk in creating funds in the first quarter of 2019 while we wait to see how the regulations shake out.

"Most of all, I like Gina's idea of teaming up with others

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NH&RA News

Information on NH&RA and its Councils is available online at http://www.housingonline.com

Annual Meeting Speaker Highlight - Feb. 27 – March 2

Join NH&RA for our biggest event of the year at the Fontainebleau Miami Beach Hotel from Feb. 27 through March 2. We are pleased to announce more than 60 speakers, including industry leaders, like Stockton Williams (executive director, National Council of State Housing Finance Agencies), Tom Davis (director of HUD's Office of Recapitalization), Nancy Muller (policy director, Florida Housing Finance Corporation), Chris Barnes (vice president and senior project partner, Dominium), Joan Hoover (executive vice president, Conifer Realty) Tom Anderson (managing director, Cohen-Esrey Development Group), Ken Naylor (COO, Atlantic & Pacific Companies) and many more. Join us this month in Miami and learn from and network with over three hundred affordable housing and tax credit executives.

Agenda for NCHMA Spring Meeting Announced – April 4 and 5

Join the National Council of Housing Market Analysts (NCHMA) for its annual Spring Meeting at Georgia Tech Hotel and Conference Center in Atlanta on April 4 and 5. Highlights from this year's agenda will include a roundtable discussion with housing finance agency executives, as well as the latest updates from HUD and FHA officials on its multifamily programs and updates to the MAP Guide. The Spring Meeting will also feature panels on underwriting Income Averaging Deals, strategies to value affordable housing properties and partnership interests and innovative multi-family case studies. **Register by March 4 to receive the Early Registration discount.**

Register for Spring Developers Forum May 6 and 7 & Asset Management Conference June 3 and 4

NH&RA's Spring Developers Forum returns to the Ritz Carlton in Marina del Ray, CA on May 6 and 7. The Forum will feature two days of programming on cutting edge affordable development strategies, as well as updates from industry leaders and state representatives. **Register by March 6 for the Pre-Sale discount or by April 5 for the Early Registration discount.**

Stay in the heart of downtown Minneapolis for NH&RA's Asset Management Conference on June 3 and 4. Learn best practices and cutting edge new strategies from leading asset management professionals in the affordable housing industry. **Register by April 4 for the Pre-Sale discount or by May 3 for the Early Registration discount.** TCA

Member News

In Memoriam: Mark Einstein

Mark Einstein, chairman of the David Reznick Foundation and previously the director of Tax and Real Estate Services at CohnReznick, passed away unexpectedly this past New Year's Eve. Mark guided developers, investors and syndicators in structuring tax-advantaged real estate transactions with a particular focus on affordable housing and historic rehabilitation. After his retirement from CohnReznick, Mark established his own company to continue that work.

Mark was a long-time active member of NH&RA and its Board of Directors, and his input and engagement will be greatly missed.

In Memoriam: Amy Anthony

Amy Anthony, founder of NH&RA member company Preservation of Affordable Housing (POAH), passed away this past December. Amy led POAH from being an idea in her head to one of the most active developers of affordable housing in several markets across the country. With a deep sense of public purpose gained from her days in policy circles and as secretary of the Executive Office of Community Development in Massachusetts from 1983 to 1990. Amy was also instrumentally involved in creating the MA Housing Partnership and the MA Housing Investment Corporation. She was a longtime member of the Board of the Citizens Housing & Planning Association (CHAPA) and its Policy Leadership Council. Amy was a contributor and participant in NH&RA activities over many years and a recipient of NH&RA's Affordable Housing Vision Award in 2007.

2019 Green Tax Incentive Compendium

The Robinson+Cole law firm released the January 2019 update for its Green Tax Incentive Compendium of Federal and State Tax Incentives for Renewable Energy and Energy Efficiency. Each section outlines the basic features and regulatory requirements for a tax program which provides financial incentives for clean technology development through renewable energy and energy efficiency projects. For additional assistance with these tax incentives please contact Jerome Garciano at 617.557.5944 or jgarciano@rc.com.

RES is Celebrating the New Year with a Leadership Change

Margaret Sowell, president of Real Estate Strategies, Inc./ RES Advisors (RES), announced that RES Senior Vice President Elizabeth Beckett will now lead the firm as president.

Beckett began working with RES in 1995, and through the years she has applied her skills in real estate market and financial analysis to assist RES clients. She has prepared analyses of new development projects, researched public policy initiatives, offered alternatives to enhance the performance of real estate and sponsoring organizations and prepared impact analyses to measure the effects of development proposals.

Beckett is an active participant in the Counselors of Real Estate and National Council of Housing and Market Analysts.

Sowell will continue working with RES as founding principal to complete ongoing assignments and assist with other initiatives. TCA

State Roundup

More state qualified allocation plan updates, deadlines, and documents at www.housingonline.com/resources/facts-figures/qualified-allocation-plans/

California Governor's proposed budget summary includes $7.7 billion for housing

Governor Gavin Newsom (D-CA) published his 2019-2020 proposed budget summary, available at http://www.ebudget.ca.gov/budget/2019-20/#/BudgetSummary. In total, the Budget includes $7.7 billion across multiple departments and programs to address housing and homelessness throughout the state. The proposed new funding in the budget includes:

- $500 million for jurisdictions that site and build emergency shelters, navigation centers or supportive housing, with $300 million for regional planning and $200 million for meeting milestones.
- $25 million per year for the Housing and Disability Advocacy program to assist homeless, disabled individuals with applying for disability benefit programs, while also providing housing supports.
- $100 million for Whole Person Care Pilot programs that provide housing services.
- $750 million to jump-start housing production: $250 million in grants to jurisdictions to support technical assistance and staffing and $500 million of funding for general purposes for reaching milestones, like rezoning for greater density, completing environmental clearance, permitting units and revamping local processes to speed up production.
- $500 million for the development of housing for moderate-income households through the California Housing Finance Agency's Mixed-Income Loan Program, which serves households with incomes between 60 and 80 percent of area median income.

California HCD releases Multifamily Housing Program Draft Guidelines for comment

The California Department of Housing and Community Development (HCD) released its draft Multifamily Housing Program (MHP) Guidelines at http://www.hcd.ca.gov/grants-funding/active-funding/mhp.shtml. Comments on the draft guidelines can be submitted to mph@hcd.ca.gov from Jan. 11 through Feb. 11, 2019.

Report Calls for 44,000 Affordable Homes in King County, WA by 2024

The King County Council in Washington state accepted a report from the Regional Affordable Housing Task Force, which calls for building or preserving at least 44,000 affordable housing units by 2024, focusing on households earning up to 50 percent of the area median income. The report explains that to meet the current demand for affordable housing the county needs 156,000 more affordable homes today and an additional 88,000 by 2040. The report directs the municipalities to look at revenue authority that is already established to fund affordable housing and charts a five-year plan to build or preserve at least 44,000 affordable housing units. Download the report at https://www.kingcounty.gov/initiatives/affordablehousing.aspx.

Maryland Governor Announces Opportunity Zone Expansion

Governor Larry Hogan (R-MD) announced a series of initiatives and legislation to expand the Maryland Opportunity Zone program. A total of $56.5 million would be dedicated to attracting new businesses and developing and continuing to invest in Maryland's workforce.

Minnesota Housing Publishes Income Averaging Guidance

Minnesota Housing published guidance for the use of Income Averaging with Low Income Housing Tax Credit properties. Eligible properties include new LIHTC applications beginning with Round Two of Minnesota Housing's 2019 LIHTC Program and previously selected LIHTC projects that have not yet filed Form 8609 with the IRS.

The Income Averaging policy is available at: https://www.housingonline.com/wp-content/uploads/2019/01/MHFA-Income-Averaging-Guidance.pdf. TCA

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who are social impact investors or others with properties in the local OZone."

"I like it," Gerry said. "OZones are just the new challenge I need. I will even co-invest with my own money. If our investor friends' company gets its act together, they get first shot at being involved. But we'll also see what others can offer. We've got a great idea, a dedicated law firm to guide us in structuring and it's only January 3rd. What a start! We are going to be fine in 2019!" TCA

Bulletins

Breaking news from Washington and beyond

Boston's Mayor Attempts to Boost Affordable Housing Funds

Boston's Mayor Martin J. Walsh will ask state lawmakers for more flexibility on linkage rules, which require developers to help fund affordable housing and job training, as well as increasing requirements to create low-cost apartments.

The fees—currently $9.03 per square foot for housing and $1.78 for job training—generated more than $31 million from 2014 through 2018 and were increased last year, for the first time since 2013. And under the current state law, fees can be increased every three years at a rate tied to inflation, but Walsh's proposal would eliminate those limits, which would make it easier for Boston to adapt to the market.

According to Walsh's Administration, during this new session, Walsh plans to file 15 bills on housing, job training and economic development. They're a mix of home-rule petitions and proposed statewide legislation.

RHS proposes eliminating Sec. 538 NOFA

The Rural Housing Service (RHS) within the U.S. Department of Agriculture issued a proposed rule that would eliminate the notice of funding availability (NOFA) for the Section 538 Guaranteed Rural Rental Housing Program. RHS is amending the regulation to align with the Housing Act of 1949, as amended, requirements, which will allow RHS to continue its application process under circumstances, such as a Continuing Resolution. RHS will make an announcement when funds are available and accept applications on a continuous basis.

RHS hopes this will allow them to accept and process applications in a more fluid manner and better align Sec. 538 with the application process of tax credit financed properties. While Section 536 of the Housing Act of 1949, as amended broadly requires publication of the availability of funds, application procedures, and selection criteria in the *Federal Register*, it does not contain the annual notification requirement.

California Updates List of Jurisdictions Subject to Streamlined Ministerial Approval Process

The California Department of Housing and Community Development released an updated list of cities and counties subject to streamlined ministerial approval process. Under SB 35, which was signed into law in 2017, cities and counties that are not meeting their housing needs must expedite approvals for certain new housing projects in jurisdictions.

Only 24 jurisdictions are not subject to either requirement because they have met their prorated Regional Housing Needs Assessment for very-low-, low- and above-moderate-income households.

Of the jurisdictions, 316, or 59 percent, are subject to the streamlining for proposed developments with at least ten percent affordability and 199, or 37, percent of jurisdictions are subject to streamlining for proposed developments with at least 50 percent affordability.

The bill grants by-right approval for developments in the affected areas, so long as the development is on an infill site and zoned properly. The bill also limits the authority of a local government to impose parking and inclusionary housing requirements.

Prevailing wage requirements must be included in all contracts for the performance of the work.

CDFI Fund Director Donovan Steps Down: New Director Named

Annie Donovan has stepped down as the director of the Community Development Financial Institutions (CDFI) Fund at the U.S. Department of the Treasury. The CDFI Fund administers several important community development programs, including the New Markets Tax Credit and the Capital Magnet Fund. Donovan was replaced by Jodie Harris as of January 2019. Harris is currently the director of small business, community development and housing policy in the Office of Financial Institutions at the U.S. Department of the Treasury.

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