Speaker Handout

IREM® Global Summit

Thursday, October 12, 2017
1:30 PM – 2:30 PM

Session Title:

“Affordable Housing Management: News You Need to Know”
(CS-1)

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Guide to Federally Assisted Housing Acronyms

**AAF – Annual Adjustment Factor**
HUD determines the rent adjustment factors based on Consumer Price Index (CPI) data relating to changes in residential rent and utility costs.

**AFFH – Affirmatively Furthering Fair Housing**
Generally refers to a Rule promulgated by HUD to follow the provision in the Fair Housing Act (and subsequent laws reaffirming its principles) imposing a duty to affirmatively further fair housing (AFFH).

**AMI – Area Median Income**
HUD publishes annual income limits based on household size used to determine eligibility for HUD programs.

**CDBG – Community Development Block Grant**
Funding for local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents.

**ELI – Extremely Low-Income**
Extremely-Low Income families are defined as very-low-income families whose incomes do not exceed the higher of the Federal Poverty Level or 30 percent of AMI.

**FMR – Fair Market Rent**
Determination of rent levels made by HUD, primarily used to determine payment standard amounts for the Housing Choice Voucher program, and to determine initial renewal rents for some expiring project-based Section 8 contracts.

**HAP – Housing Assistance Payment**
Contract that owners and PHAs execute for payment of housing subsidies.

**HFA – Housing Finance Agency**
State or local agencies responsible for financing and preserving low- and moderate-income housing.

**HOME – HOME Investment Partnerships Program**
Provides formula grants to states and localities funding activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership, or to provide direct rental assistance to low-income people.

**HQS – Housing Quality Standards**
Establish the minimum quality criteria necessary for the health and safety of HUD-approved housing.

**HUD – U.S. Department of Housing and Urban Development**

**LIHTC – Low-Income Housing Tax Credit**
A tax incentive intended to increase the availability of low-income housing.

**OMB – Office of Management and Budget**
US Government agency that oversees the implementation of the President’s initiatives and budget.

**PHA – Public Housing Agency**
A state, county, municipality, other governmental entity or public body, authorized to assist in the development and operation of low-income housing.

**REAC – Real Estate Assessment Center**
Department of HUD tasked with analyzing the condition of HUD's portfolio.

**USDA – U.S. Department of Agriculture**
Summary of Major Federally-assisted Housing Programs

IREM members manage nearly 40% of all federally assisted housing units, and 25% of all public housing units

U.S. Department of Housing and Urban Development (HUD)

Public Housing

How many: 1.1 million units

Residents: 33% of household heads are elderly, 20% are non-elderly disabled and 39% are families with children.

Qualifications: All households must have income less than 80% of the area median income (AMI); at least 40% of new admissions in any year must have extremely low income (income less than 30% of AMI) or less than the federal poverty level, whichever is greater.

Annual Cost: FY16 funding was $6.4 billion.

Summary: Public Housing units are generally owned/administered by more than 3,000 local public housing agencies (PHAs). The majority of tenants pay 30% of their income towards the rent, and HUD subsidizes the rest.

Project-Based Section 8

How many: 1.5 million units

Residents: 55% of households include someone who is disabled or elderly; the majority of the remainder are families with children.

Qualifications: All households must have income less than 80% of the area median income (AMI); at least 40% of new admissions in any year must have extremely low income (income less than 30% of AMI) or less than the federal poverty level, whichever is greater.

Annual Cost: FY16 funding was $10.6 billion.

Summary: These are privately owned multifamily properties that have a long-term rental assistance contract, a subsidized mortgage, or both, that make the units affordable. The majority of tenants pay 30% of their income towards rent, and HUD provides rental assistance to make up the difference.

Housing Choice Voucher Program (Tenant-Based Section 8)

How many: 2.2 million households

Residents: 27% have a head of household who has a disability, and 22% are elderly. The national average income of a voucher household is $13,568.

Qualifications: 75% of all new voucher households must have extremely low incomes. The remaining 25% of new vouchers can be distributed to residents with income up to 80% of AMI.

Annual Cost: FY16 funding was $20.2 billion.

Summary: This is HUD’s rental assistance largest program, and it is administered by 2,300 state and local public housing agencies. Generally, tenants pay 30% of the income towards rent and utilities and the voucher makes up the difference.
Summary of Major Federally-assisted Housing Programs

Section 202 Supportive Housing for the Elderly
How many: 400,000 units
Residents: 38% of tenants are frail or need daily assistance.
Qualifications: People over the age of 62 with very low income (below 50% of AMI).
Annual Cost: FY 16 funding was $432.7 million.
Summary: Properties are run by nonprofit organizations that provide access to community-based services and support to keep residents living independently.

U.S. Department of Agriculture (USDA)

Section 515 Rural Rental Housing
How many: 533,000 units
Residents: 92% of Section 515 tenants have incomes less than 50% of area median income, with an average income of $12,960 per year. Elderly people or people with disabilities head more than half of households.
Qualifications: Very low, low, and moderate-income households.
Annual Cost: FY 16 funding was $28.4 million.
Summary: Under the Section 515 program, USDA RD makes direct loans to private developers to finance or rehabilitate affordable multifamily units, with an interest rate of 1%, amortized over 50 years.

U.S. Department of Treasury, Internal Revenue Service (IRS)

Low-Income Housing Tax Credit (LIHTC)
How many: 2.97 million units
Residents: 43% of households have income below 30% AMI, but 70% also had other forms of rental assistance, such as vouchers.
Qualifications: Households with income either less than 60% of AMI or 50% of AMI.
Annual Cost: Approximately $8.7 billion in FY17.
Summary: The LIHTC is the only source of federal funds for affordable housing development. This program encourages private investment in affordable housing. It provides a tax credit to the investor over the course of a 10-year period. Generally, this cash equity is combined with other federal programs (such as HOME) to build or substantially rehabilitate affordable housing. Tax credits are allocated to states based on population.