Carolina's Council for Affordable Housing

September 2022

www.ccahonline.com

Budget season is in full swing and the USDA-Rural Development assisted by recently publishing the 2023 Management Fees.

The fees allow for a much needed increase in our current market. Click the link to access the article provided by CARH including information relating to add-on fees. https://www.carh.org/rural-development-management-fees-published-for-fiscal-year-2023/

SAVE THE DATE: CCAH Annual Conference for 2023

April 16—18, 2023

Marriott Grande Dunes, Myrtle Beach, SC

CCAH's next educational opportunity is being offered on November 9th!!

REGISTRATION INFORMATION will be provided in a separate notice. Please mark your calendar and REGISTER SOON!!

The incomparable A J JOHNSON will present:

Rural Development Section 515 Program - Onsite Management Requirements

THIS FULL-DAY COURSE OUTLINES THE BASIC REQUIREMENTS OF THE RURAL DEVELOPMENT SECTION 515 PROGRAM, INCLUDING RENT RULES, RESIDENT ELIGIBILITY, INCOME RESTRICTIONS, AND RECERTIFICATION REQUIREMENTS. THE SESSION ALSO INCLUDES MANAGEMENT PLAN REQUIREMENTS, ON-SITE MAINTENANCE PLANS, TENANT ALLOWANCES, ASSETS, OCCUPANCY POLICIES, TENANT SELECTION AND UNIT ASSIGNMENT, AND TENANT GRIEVANCE PROCEDURES.

WHAT'S HAPPENING NOW

NCHFA: All income limits have been released, including HOME, for 2022 and should be implemented. See https://www.nchfa.com/rental-housing-partners/rental-owners-managers/income-limits

Reminder at least one supervisory management staff must attend their Compliance 101 and Advanced Compliance training each year in order to remain on their list of approved management companies. The trainings are coming to an end for the year. Click here for the remaining opportunities https://www.nchfa.com/node/9199?field_event_type_tid=144. In addition to the compliance trainings, if you manage properties receiving Key Assistance the Targeting Program and Key Rental Assistance training is required.

[Freddie Mac Publishes Study of Risk of Affordable Housing Loss Due to Expiring LIHTC Extended Use]

By A. J. Johnson on July 31, 2022

Freddie Mac (the Federal Home Loan Mortgage Corporation) has released a study titled "Risk and Impact of LIHTC Properties Exiting the Program: Examining the Risks of Expiring LIHTC Restrictions and the Outcomes of Properties that Exit."

As market rents continue to rise, rental affordability is becoming increasingly important—especially in preserving existing affordable housing. Some in the industry are concerned that units supported by Low-Income Housing Tax Credits (LIHTC) may transition from having restricted, affordable rents to levels that are too expensive for low and even moderate-income households to afford.

The goal of this Freddie Mac study is to provide an overview of the general risk that currently exists in the market and the potential for a high level of lost affordable units.

A key finding from the research is that LIHTC properties that exit the program often remain more affordable than conventional market rate properties that were never subsidized, even if they are not re-syndicated. Former LIHTC properties are often transitioning to workforce housing, remaining affordable to tenants that earn below the area median income (AMI).

Here are some other key findings outlined in the report:

1. 86.8% of the LIHTC properties are programmatic, meaning that they are still in the program and remain subject to rent restrictions. However, a growing number of properties will be able to exit the program in coming years.

2. High opportunity areas have a relatively high share of programmatic LIHTC properties, which, given the elevated rental costs, can be particularly beneficial for these areas.

3. LIHTC properties that have left the program (referenced as non-programmatic) generally have higher rents compared with LIHTC-restricted units, but lower rents compared with conventional market rate units.

4. Some non-programmatic LIHTC properties increase rents substantially above the 60% of the AMI affordable rents, but the majority are still affordable at this income level. The most common path for non-programmatic LIHTC properties is to remain affordable at 60% of AMI, which happens roughly 61% of the time.

Click here for the full article including risk and findings. https://www.ajjcs.net/paper/main/2022/07/31/freddie-mac-publishes-study-of-risk-of-affordable-housing-loss-due-to-expiring-lihtc-extended-use/