

July 24-27, 2013 | Eldorado Hotel | Santa Fe, New Mexico

**National Housing & Rehabilitation Association's**



# 2013 Summer Institute

*Preservation, HUD & RD Roundtable*

Speakers:

Richard Michael Price, Esq.



# HUD Appropriations

Program (\$ in millions)	2012 Enacted	2013 Sequestration	2014 Obama Request	2014 House	2014 Senate
Section 8 Project Based	\$9,340	\$8,851	\$10,272	\$9.4 B	\$10.7 B
Section 8 Tenant Based	\$18,914	\$17,964	\$19,989	\$17 B	\$17.6 B
CDBG	\$3,408	\$3,135	\$3,143	\$1.636	\$3.15 B
Housing for Persons with Disabilities (811)	\$277	\$262	\$237	\$126 M	\$126 M
Public Housing Capital Fund	\$1,875	\$1,777	\$2,000	\$1.5 B	\$2 B
Public Housing Operating Fund	\$3,962	\$4,054	\$4,600	\$4.262	\$4.6 B
Veterans Vouchers	\$75	\$75	\$75	\$75 M	\$78 M
Elderly 202	\$375	\$355	\$400	\$374	\$400 M
HOME	\$1,000	\$948	\$950	\$700 M	\$1 B
CHOICE Neighborhoods	\$120	\$114	\$400	0	\$250 M
TRA (RAD)	\$0	\$0	\$10	0	\$10 M

# USDA Appropriations

Loans	FY 2011 Final	FY 2012 Final	FY2013 Admin. Proposed	FY2013 Final CR	FY2014 Admin. Proposed	FY14 House Bill (H.R. 2410)	FY14 Senate Bill (S.1244)
514	\$27 M/ 9.9 M	\$21 M/ 7 M	\$26 M/ 8.9M	\$16.5 M	*	\$24 M	\$24 M
515	\$69.5 M	\$64.5 M	\$0	\$31 M	\$28 M	\$28 M	\$28 M
538 Guarantee	\$31 M	\$130 M	\$150 M	\$150 M	\$150 M	\$150 M	\$150 M
521 Rental Assistance	\$955.6 M	\$905 M	\$907.1 M	\$907 M	\$1.015 B	\$1.012 B	\$1.015 B
542 Rural Vouchers	\$14 M	\$11 M	\$12.6 M	\$10 M	\$12.5 M	\$10 M	\$13 M
MPR	\$15 M	\$2 M	\$34.4 M	\$17.8 M	\$20 M		
502 Direct	\$1.121 B	\$900 M	\$652.8 M	\$900 M	\$360 M	\$820 M	\$900 M
502 Guarantee	\$24 B	\$24 B	\$24 B	\$24 B	\$24 B	\$24 B	\$24 B

\* 514/516 new construction; \$14 million combined

# Sequestration

## Budget Control Act (August 2011)

- \$2.4T increase in borrowing; same amount of cuts / 10 years
- \$900B spending cuts

## Joint Committee on Deficit Reduction

- Failed to agree on cuts

## Fiscal Cliff (January 2013)

- Tax increases; \$24B cuts; need \$85B more (2013)
- Delayed sequestration to March 1, 2013

# Sequestration

Sequestration began March 1, 2013

Mandatory cuts in both military and discretionary programs

Who is exempt?

Uniform military

Social Security

Medicaid

Food Stamps

Children health insurance

Veterans benefits

Likely Impact?

HUD furloughs: May 24, June 14, July 5, July 22, August 16 and 30.

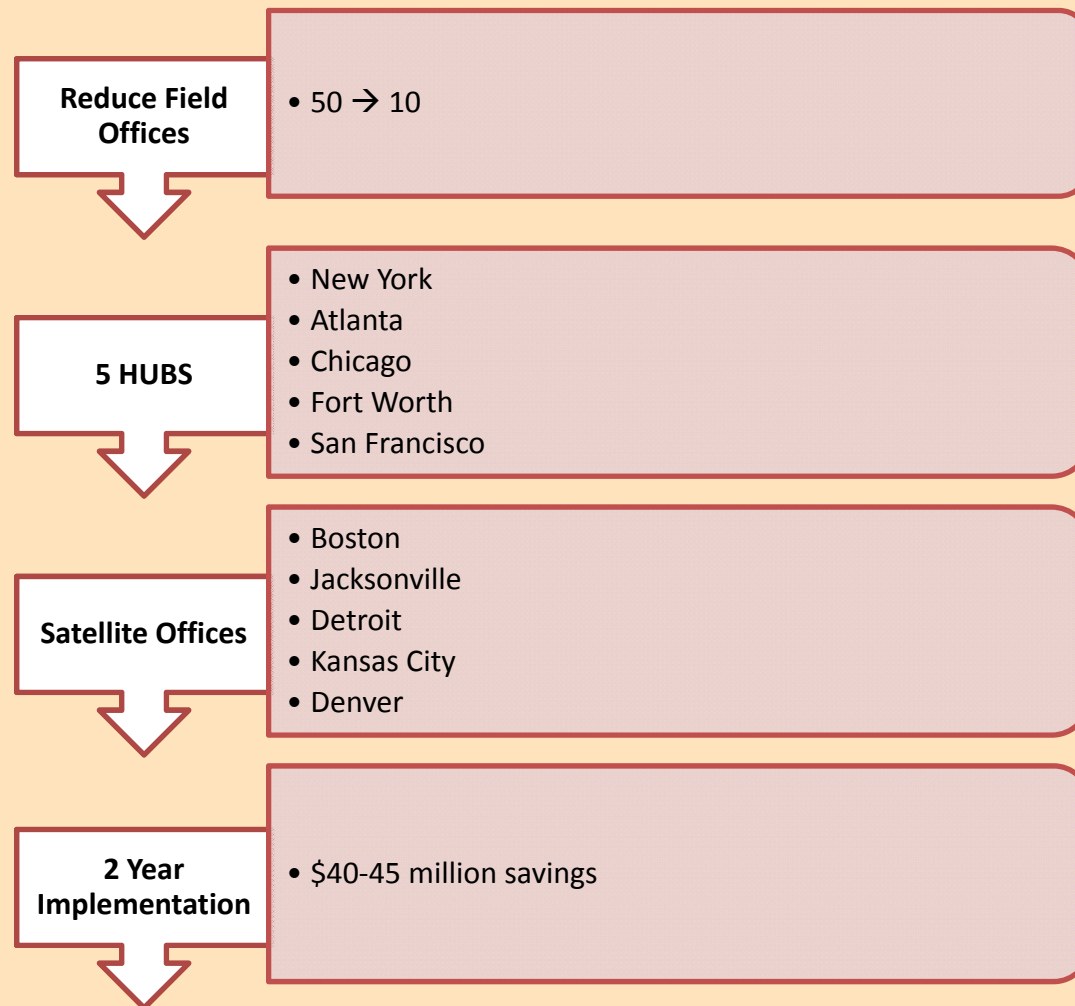
Government contractors, grant recipients

Medicare 2% reduction for providers / insurance plans

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# Multifamily Reorganization



# New HUD Policy Initiatives

\$10M for EV  
and PBVs

- Maturing HUD insured or HUD held properties
- 202s where HUD consent required
- Expiring affordability restrictions
- Low vacancy area location
- Notice PIH 2013-8 (April 12, 2013)
- Applications due June 14, 2013

Senior Project  
Rental  
Assistance  
Contracts  
(SPRAC)

- New funding
- Federal Register Notice January 2013; public comments due March 2013.

# New HUD Policy Initiatives

June 28, 2013  
Letter: FHA  
Priorities  
beginning July  
15<sup>th</sup>

- Multi-family--Hurricane Sandy, Affordable, then Market
- Healthcare priority is Sandy, Troubled FHA, Affordable New Construction, New Construction, Affordable Refi
- Affordable means LIHTC, Section 8 or mortgage based restriction/subsidies with 15 years left

Paragraph 50 in  
New Form  
Regulatory  
Agreement

- Industry discussion about impact, liability and non-recourse nature of new loans





# New HUD Policy Initiatives

202 New  
Guidance

- H 2013-17
- Policy correction on June 26<sup>th</sup> covering developer fee and use of proceeds

Davis Bacon

- 4 stories vs. 5 stories

Limitations  
on Elderly  
Project  
Eligibility for  
FHA

- HUD made changes to MAP Guide
- Gap in institutional knowledge
- HUD laid out position in July 2, 2004 Daly memo.



# New HUD Policy Initiatives

Residual Receipts

- “New reg” Section 8 contracts
- Offset to Section 8 payments

Option 1/Chapter 15

- Mark up to market post rehab rents
- Day 1 rents if perm loan amortizing
- Requires waivers from HUD DC

Section 236 Decouplings

- Re-decoupling
- Assignment of IRP; equity takeout
- Early termination of IRP; eliminate LD; amend 236(e)(2) use agreement

# Questions?

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