



MULTIFAMILY
SOUTHWEST
REGION

INDUSTRY E-BLAST

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We're Moving!



Connect with us on [Twitter](#) and [LinkedIn](#) for job postings and housing news!

SUMMER/FALL 2020

Multifamily Southwest Successfully Adapting to New Work Environment

To reduce the spread of COVID-19, HUD Multifamily Southwest has been on mandatory telework since March 20, 2020. Since this time, our Region has successfully transitioned to an entirely new work environment that is 100% virtual. Our employees have adjusted very well and appreciate all the compliments we've received.

As referenced on Page 5, Asset Management is completing Reserve for Replacement (R4R) requests well below the 25-day processing requirement. We have also processed an uptick in Interest Rate Reduction (IRR) requests due to the favorable interest rate climate, also completed below the 20-day deadline. Thank you to all the industry partners who have adjusted with us during this unprecedented period.

Please continue reading to learn about the many policy and program updates issued since March, including safely resuming REAC physical inspections.

Michael Burley Named Regional Administrator for Region VI

Multifamily Southwest welcomes Michael Burley as the new Regional Administrator for Region VI. As Regional Administrator, Burley oversees the administration of the Department's programs in the states of Texas, Oklahoma, Arkansas, New Mexico, and Louisiana. Region VI has seven field offices in addition to the Regional Office in Fort Worth, and more than 600 employees.

Prior to his appointment as Region VI Administrator, he served in the White House as Deputy Assistant to President Trump and Deputy Director of the Office of Presidential Personnel. Before joining the White House in May 2018, Burley served in multiple roles under Secretary Carson, first as Advisor for Intergovernmental Relations and subsequently as the White House Liaison.



Project Spotlight: \$100 Million Delmar DivINe in St. Louis

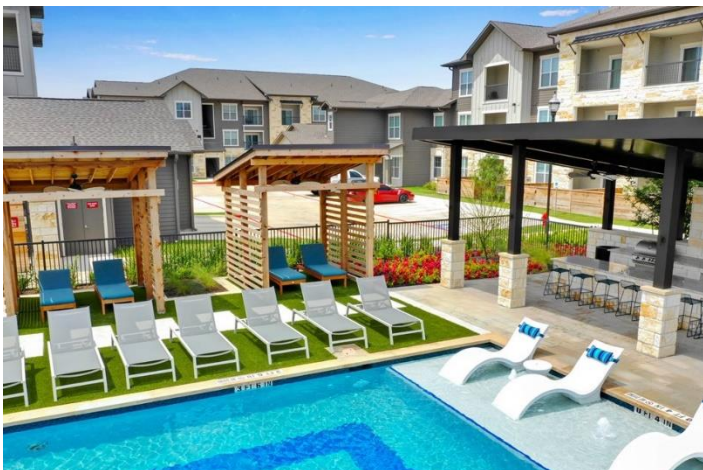


A rendering of the Delmar DivINe project that is expected to include 180,000 square feet of collaborative space for nonprofits and 150 apartments.

Delmar DivINe is an exciting historic rehabilitation and adaptive reuse of the former St. Luke's Hospital, located in St. Louis, Missouri. This site is on Delmar Boulevard, the historic dividing line between areas with limited access to traditional sources of capital and well capitalized thriving communities. The current vacant complex will be transformed into a multi-use development incorporating 150 apartment units, including a lounge, swimming pool, fitness center, on-site parking, and other amenities. The apartments represent part of the multi-phase development that will continue the transformation of the West End neighborhood in which it is located. In addition to the apartments, the property will include a commercial/office development to provide an innovation hub for area nonprofits.

This overall development is a collaboration of civic leader and entrepreneur Maxine Clark, the proposed principal, Mr. Robert Clark, Washington University, IFF, US Bank, and Social Innovation STL. These influential community leaders seek to co-locate nonprofit organizations and sponsor innovative programs that will benefit the community and region. The apartments will be financed through an FHA insured mortgage, federal historic tax credits, Missouri State Historic Tax Credits, and a grant from the local Metropolitan Sewer District. Gershman Mortgage submitted the FHA application for the apartments and HUD Multifamily Southwest Senior Underwriter Marcus Warr performed the underwriting review.

Altair Tech Ridge: First Southwest Region Deal Utilizing Revision of Three-Year Rule Policy



On March 2, 2020, HUD issued [Housing Notice H 20-03](#) to revise its policy barring the acceptance of applications for refinancing existing properties under Section 223(f) of the National Housing Act until three years following completion. The former policy required that properties be seasoned for three years from the final Certificate of Occupancy before being eligible for a HUD 223(f) mortgage loan application.

On July 16, 2020, Fawn Barrington, Multifamily Southwest Senior Underwriter, issued a firm commitment on the refinance of Altair Tech Ridge, a 230-unit market property in Austin, Texas. The application was submitted by Berkadia Commercial Mortgage and is the first deal in the country to be underwritten pursuant to the new policy. Multifamily Southwest is currently processing several applications under the new Housing Notice.

Regional Construction Activity Snapshot

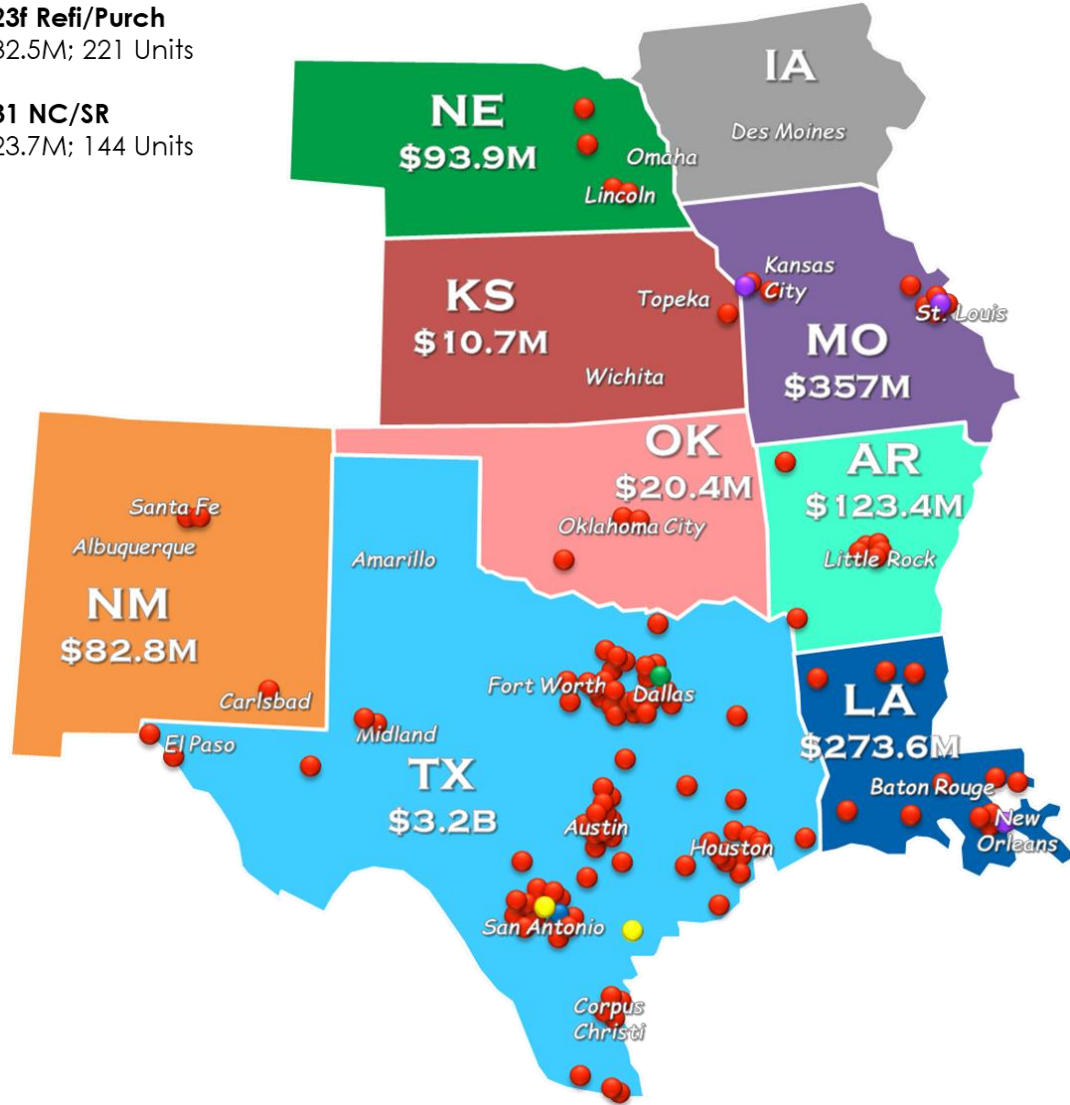
202 Capital Advance
\$3.7M; 33 Units

223f Refi/Purch
\$32.5M; 221 Units

220 NC/SR
\$222.2M; 923 Units

231 NC/SR
\$23.7M; 144 Units

221d4 NC/SR
\$3.9B; 30,703 Units



Electronic Submission of FHA Applications to Multifamily Southwest Production



- All electronic copies of applications should be submitted via email to SWProduction@hud.gov.
- The subject line of the email should read:
Application Submission – (Project Name) – (FHA Number)
- This will assist us when monitoring the mailbox.

Asset Management Policy & Program Summary Updates

FEDERAL REGISTER NOTICES

- The Offices of Public and Indian Housing (PIH) and Multifamily Housing (MFH) published [a final rule in the Federal Register](#) on May 7, 2020, aligning current regulatory flexibilities in PIH and MFH rental assistance programs with those provided in the Fixing America's Surface Transportation (FAST) Act.

HOUSING NOTICES

- FHA published a [Housing Notice](#) and [Mortgagee Letter](#) on January 8, 2020, to reiterate the qualifications and energy performance levels required to receive the Green MIP rate, and to clarify monitoring and reporting.
- The Office of Multifamily Housing published [Housing Notice \(H 20-04\), Electronic Signature, Transmission, and Storage – Guidance for Multifamily Assisted Housing Industry Partners](#), on May 26, 2020. This Housing Notice may support owners and agents of assisted multifamily housing who are impacted by COVID-19.
- The Office of Multifamily Housing published [Housing Notice \(H 20-06\), Exclusion from Annual Income of Temporary Employment from the U.S. Census Bureau](#), on June 5, 2020, which addresses temporary income earned from Census work.
- The Office of Multifamily Housing published [Housing Notice \(H 20-07\), Coronavirus Aid, Relief, and Economic Security \(CARES\) Act Eviction Moratorium](#), on July 1, 2020. This notice extends the moratorium on evictions for all HUD-insured or HUD-held mortgages while under forbearance and provides guidance on tenant protections for multifamily properties not subject to forbearance and those with HUD-assisted units.
- The Office of Multifamily Housing published [Housing Notice \(H 20-08\), Availability of Funds for COVID-19 Supplemental Payments \(CSPs\) for Properties Receiving Project-Based Rental Assistance under the Section 8, Section 202, or Section 811 Programs](#), on July 23, 2020. This notice provides a method for owners to request payments to offset property expenditures to combat the effects of COVID-19. The supplemental payments may cover additional cleaning and disinfecting, additional staff, face coverings, and other expenses to help keep properties safe for residents.

MORTGAGEE LETTERS

- [Mortgagee Letter 2020-09, Implementation of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act Forbearance](#), was issued on April 10, 2020. The letter describes a standard forbearance protocol to reduce paperwork and streamline processing for multifamily borrowers, servicers, and lenders. These guidelines are in effect during the covered period of the CARES Act, which began March 27, 2020, and continues until the earlier of the termination date of the national emergency declared by the President on March 13, 2020, or December 31, 2020.

POLICY MEMOS

- A DAS Memorandum, [Update on Budget Based Rent Adjustments for Properties Assisted under Project Rental Assistance Contracts \(PRACs\)](#), was issued on March 12, 2020, notifying owners that HUD is resuming routine processing of budget-based rent adjustments to increase reserve for replacement deposits.
- An OAMPO Memorandum, [Fostering Collaboration with State and Local Government Inspection and Code Enforcement Officials](#), was issued on March 16, 2020, to address cases in which a project receiving project-based rental assistance from HUD receives a score below 60 or where state or local officials identify code violations.
- An OAMPO Memorandum, [Annual and Interim Recertification Protocol during COVID-19](#), was issued on April 9, 2020, to provide owners with guidance for annual and interim recertifications during the COVID-19 pandemic.

POLICY MEMOS (CONTINUED)

- An OAMPO Memorandum, [Update on Allocation of Funding from the CARES Act](#), was issued on May 28, 2020, announcing that HUD completed funding actions to provide \$800 million of CARES Act supplemental appropriations to approximately 16,500 properties with Section 8 PBRA contracts to maintain normal operations.
- An OAMPO Memorandum, [Policy Modification for Requesting Waivers for HUD-Commissioned Rent Comparability Studies](#), was issued on May 28, 2020. This new policy for waivers of the requirement for HUD third-party RCS clarifies current policy and provides a temporary new ability to address difficulties with RCS during the coronavirus pandemic.
- An OAMPO Memorandum, [Status of Management and Occupancy Reviews Performed by PBCAs](#), was issued on June 23, 2020. The memo explains lifting the suspension of MORs performed by PBCAs in locations where there are no restrictions by state or local law or ordinances to prevent them from doing so.
- An OAMPO Memorandum, [Processing of Special Claims for Vacancy During the COVID-19 Pandemic](#), was issued on July 6, 2020. The memo provides instructions for the processing of special claims for vacancy for properties affected by COVID-19 during the period of March 27, 2020, through September 30, 2020. During this time, MFH will accept vacancy claims for 60 days starting from the prior Tenant's Move-out Date as opposed to the Ready-for-Occupancy Date, in instances where preparation of the unit for occupancy was prevented due to the impact of COVID-19.
- An OAMPO Memorandum, [Update on Allocation of Funding from the CARES Act for Service Coordination and Congregate Housing Services](#), was issued on July 8, 2020. The memo announces the allocation of CARES Act funds to properties with Service Coordinators in Multifamily Housing (SCMF) and Congregate Housing Services Program (CHSP) grants.

PROGRAM & POLICY UPDATES, CLARIFICATIONS, & REMINDERS

- HUD published the [2020 Median Gross Rents by Zip Code](#) on the [Section 8 Renewal Policy](#) site. The new median gross rents are effective for any RCS signed by the owner's appraiser on or after February 11, 2020.
- HUD released the median family incomes and [income limits](#) for fiscal year 2020 in April. Median incomes are used as the basis for income limits in several HUD programs, including Section 8 Housing Choice and Project-Based Voucher, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities programs.
- To provide relief for Multifamily property owners, HUD has extended the audited financial reporting deadlines until **September 30, 2020**. This waiver is limited to entities which are required to submit the referenced annual financial information on or before June 30, 2020. Consequently, entities required to submit financial information on or before June 30, 2020, are now required to submit their financial information no later than September 30, 2020, and as otherwise provided by law. Projects with annual financial due dates after June 30, 2020, are still required to submit the financial information within 90 days of the of the owner's fiscal year end date.

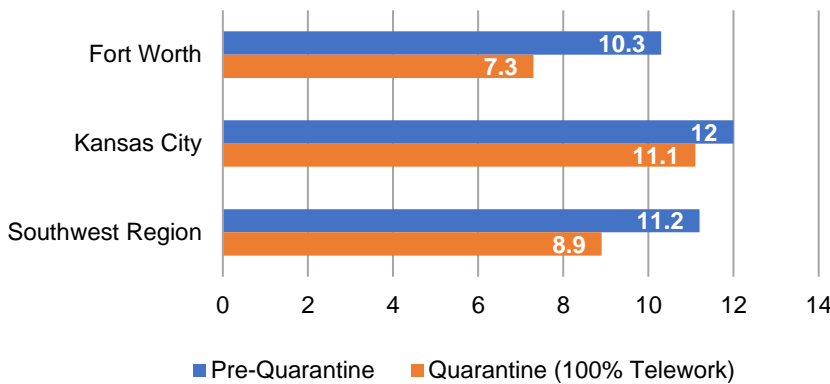
This waiver is limited in scope and does not apply to the submission requirements for financial information that was delinquent as of March 23, 2020.

- Index page: https://www.hud.gov/program_offices/administration/hudclips/waivers/
- Direct page: https://www.hud.gov/sites/dfiles/OCHCO/documents/Waiver_ofSubmission.pdf

Asset Management Processing Timelines During 100% Telework Environment

HUD Multifamily Southwest Region employees have been on mandatory telework since March 20, 2020, as part of our efforts to reduce the spread of COVID-19. We have adjusted numerous procedures to ensure operations run smoothly in this new work environment. Such procedures include using a variety of notary services; internal HUD notaries, mobile notary services; and, for states who accept it, virtual notary services. Division Directors have the ability to process and sign requests and send them out on the same day received. Processing timelines for Reserve for Replacement (R4R) and Interest Rate Reduction (IRR) requests are below:

R4R Requests: Average Processing Days



Interest Rate Reduction (IRR) Requests

| | Fort Worth | Kansas City | Southwest Region |
|-------------------------|------------|-------------|------------------|
| Received | 55 | 52 | 107 |
| Completed | 44 | 41 | 85 |
| Pending | 11 | 11 | 22 |
| Average Processing Days | 11.3 | 12 | 11.65 |

Production Activity During 100% Telework Environment

Multifamily Southwest Production is experiencing a surge in volume of FHA applications. Accordingly, we are devoting more resources toward our intake processes to ensure tasks are assigned promptly during this 100% telework environment. We are training new employees on the intake process and reviewing submissions for completeness prior to assigning applications to underwriters. If applications are incomplete, lenders will be notified to promptly submit additional or updated documentation. Applications that are incomplete or have deficiencies which cannot be rectified in a short period of time will be returned to the lender for resubmission at a later time.

Firm Commitments Issued

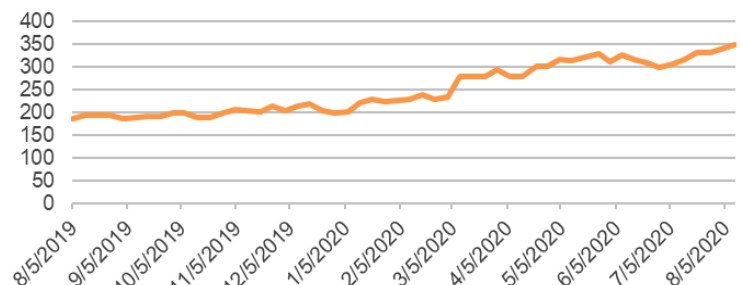
| | | # | Units | Mortgage |
|------------|-------------------|------------|---------------|------------------------|
| FY2020 YTD | NC/SR | 64 | 12,355 | \$1,610,541,207 |
| | 223(f) Refi/Purch | 63 | 9,583 | \$941,073,400 |
| | 223(a)(7) Refi | 52 | 8,279 | \$713,847,000 |
| | Total | 179 | 30,217 | \$3,265,461,607 |

| | | # | Units | Mortgage |
|--------|-------------------|------------|---------------|------------------------|
| FY2019 | NC/SR | 70 | 13,965 | \$1,683,892,200 |
| | 223(f) Refi/Purch | 64 | 8,779 | \$718,051,109 |
| | 223(a)(7) Refi | 2 | 298 | \$31,115,300 |
| | Total | 136 | 23,042 | \$2,433,058,609 |

Production Pipeline Summary by Region: Past 6 Months

| Region | Applications in Processing | Total Mortgage Amount |
|------------------|----------------------------|------------------------|
| Midwest | 46 | \$728,425,657 |
| Northeast | 62 | \$1,661,551,700 |
| Southeast | 69 | \$1,548,989,900 |
| Southwest | 87 | \$2,070,960,489 |
| West | 84 | \$1,979,548,800 |
| Total | 348 | \$7,989,476,546 |

Total Applications in Processing: Past 12 Months



Production Activity During 100% Telework Environment *(continued)*

Multifamily Southwest is currently on track to complete \$4.93 billion closings in fiscal year 2020, averaging \$411.3 million FHA-insured mortgages per month. This time last year, our Region was averaging \$296.5 million closings per month.

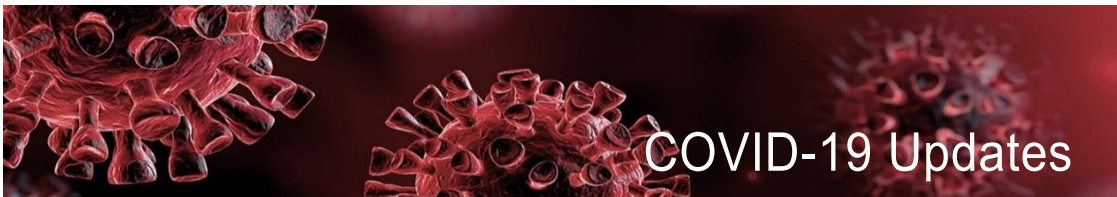
Closings

| | | # | Units | Mortgage |
|------------|-------------------|------------|---------------|------------------------|
| FY2020 YTD | Initial 221(d)(4) | 62 | 12,453 | \$1,596,692,300 |
| | Final 221(d)(4) | 50 | 10,438 | \$1,146,971,583 |
| | Initial 241(a) | 1 | 60 | \$10,460,100 |
| | Final 241(a) | 1 | 299 | \$10,231,973 |
| | Final 213 | 3 | 156 | \$29,144,800 |
| | Final 231 | 1 | 60 | \$3,314,100 |
| | 223(f) | 60 | 8,766 | \$785,605,400 |
| | 223(a)(7) | 35 | 5896 | \$530,640,200 |
| | Total | 213 | 38,128 | \$4,113,060,456 |

Correcting Application Deficiencies in Preliminary Rejection

One prominent goal in the Southwest and Multifamily-wide is to strive to meet deadlines in our application reviews to help manage lender and borrower expectations. In this effort, we depend on our lender partners to submit complete, accurate applications that provide sound risk to the FHA fund and are mindful of HUD's mission. We also realize the importance of responding to market demand for FHA-insured housing, which has seen significant increases in 2020 in the Southwest.

Once an application is assigned in underwriting review, we will request prompt resolution of any application placed on hold under a "Preliminary Rejection" status that is waiting on lender resolution. In fairness to all lenders and borrowers submitting applications to participate in FHA-insured financing, we need to ensure we are making all efforts to respond to demand with timely reviews and efficient processing to achieve established deadlines known to the industry.



COVID-19 Updates

HUD is striving to provide you with the latest information on the rapidly evolving COVID-19 situation and how it impacts you, your properties, and your residents. Please visit the [Multifamily Housing homepage](#) for updated guidance and clarification of HUD's policies. New resources include:

- [REAC Physical Inspections to Safely Resume](#) (August 7, 2020)
- [Q&A for Office of Multifamily Housing Stakeholders](#) (July 31, 2020)
- [Processing of Special Claims for Vacancy During the COVID-19 Pandemic](#) (July 6, 2020)
- [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act Eviction Moratorium](#) (July 1, 2020)
- [COVID-19 Guidance for Landlords](#) (July 1, 2020)
- [Status of Management and Occupancy Reviews performed by PBCAs](#) (June 23, 2020)
- [COVID-19 Guidance for Residents](#) (April 28, 2020)

Finalizing TPAs before Submitting Applications for Refinance

On Section 223(a)(7) Refinance applications, please ensure any changes to current or proposed ownership (i.e., modified or full Transfer of Physical Assets, "TPA") or changes of management agent are submitted and processed by the HUD-assigned Account Executive in Asset Management prior to the application submission for underwriting review in Production. This will ensure efficient processing intended under the streamlined (a)(7) program in accordance with the established (a)(7) processing timeline. The written approval of the TPA or management agent change should be included as an exhibit in the Section 223(a)(7) package when submitted to our Production Division.

We're Moving!

In September 2020, the Fort Worth Regional Center will begin its long-awaited move from Burnett Plaza to the Oil & Gas / Star-Telegram Building, only a few blocks away from our current office. Our new address is below:

U.S. Department of Housing and Urban Development
Office of Housing – Multifamily
307 West 7th Street
Suite 1000
Fort Worth, TX 76102

At the time of the move, we will issue a notice to forward mail. Any mail that is sent to the former office will be picked up by someone on our staff, and we will continue to check the mail in both locations until we are assured all mail has been retrieved.