



MULTIFAMILY
SOUTHWEST
REGION

INDUSTRY E-BLAST

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SUMMER 2019

Disaster Recovery

June 1st marked the start of the 2019 disaster season, and Multifamily Southwest is already assisting in the recovery efforts of flooding and tornadoes in 7 of the 9 states in our jurisdiction. With the frequency of disasters due to the geographic location of our Region, we are constantly responding to disaster-related issues. We greatly appreciate the efforts of our partners—owners, management agents, lenders, and contract administrators—who work with us each day.

One recent success story is that of Livingston Manor in Denham Springs, Louisiana. The 45-unit elderly/disabled, subsidized property reopened its doors earlier this year after being closed since August 2016, when major flooding resulted in the community's complete evacuation and closure.

Multifamily Southwest's Disaster Team worked diligently with the owner of the property and Centennial Mortgage, FHA lender of the insured loan, to develop a cohesive workout plan.

Thanks to everyone's hard work, including the Louisiana Housing Corporation (PBCA), the lender, and the owner, residents of Livingston Manor are back at home. Successful recovery efforts like this remind us how important it is to ensure tenants return to a safe and habitable community following such events.

Opportunity Zone Incentives

The Office of Multifamily Housing Programs recently announced new incentives for property owners applying for certain loans with FHA multifamily mortgage insurance for properties located in qualified Opportunity Zone census tracts. The incentives include reduced application fees and designated senior underwriters to work on applications. Please refer to [Housing Notice 2019-07](#) for additional information and eligibility requirements.

Multifamily Southwest is already receiving applications for FHA insurance in Opportunity Zone communities within our Region. We currently have three Opportunity Zone deals under review and just invited a firm application for an eligible property in Tyler, Texas.

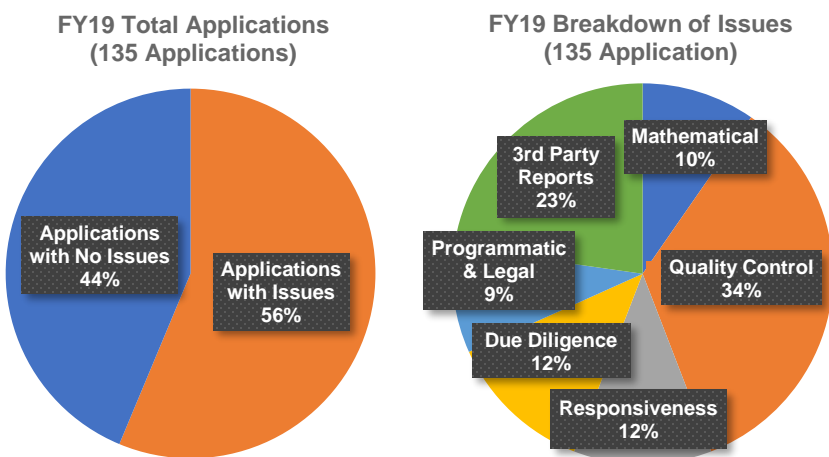
Closing Coordination

The Southwest's four Closing Coordinators traveled to Washington, D.C., at the end of May to meet with attorneys from the Office of the General Counsel (OGC) and participate in HUD's first-ever Multifamily Closing Coordinator Training. Multifamily closers across the nation came together to discuss standardization and achieve consistency in the closing process. Our very own Leslie Winston served as the lead on multiple panels and trained others on best practices that have worked in the Southwest.



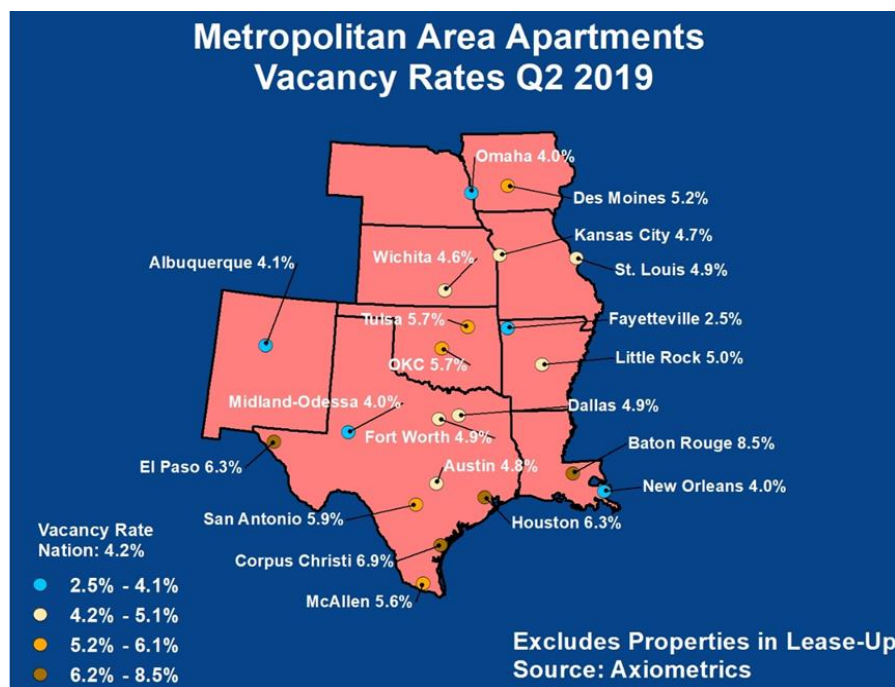
Multifamily Southwest Region Closing Team (pictured left to right): Brandi Satre, Leslie Winston, Lisa Richardson, and Tiffoney Pierre.

Regional Lender Metrics Update



Quality Control and Third-Party Reports remain the two areas HUD staff see the most issues when processing applications. HUD considers Quality Control to be the metric most easily improved upon by lenders through internal loan committees and quality control reviews. Suggestions for improving the accuracy and interpretation of Third-Party Reports include the lender's underwriter completing a thorough site visit and reviewing repair recommendations, if applicable. Also important is ensuring that critical vs. non-critical repairs are vetted and appropriately explained. We strongly encourage our lending partners to review their application preparation processes and incorporate necessary internal controls to alleviate potential issues.

Southwest Region Market Trends

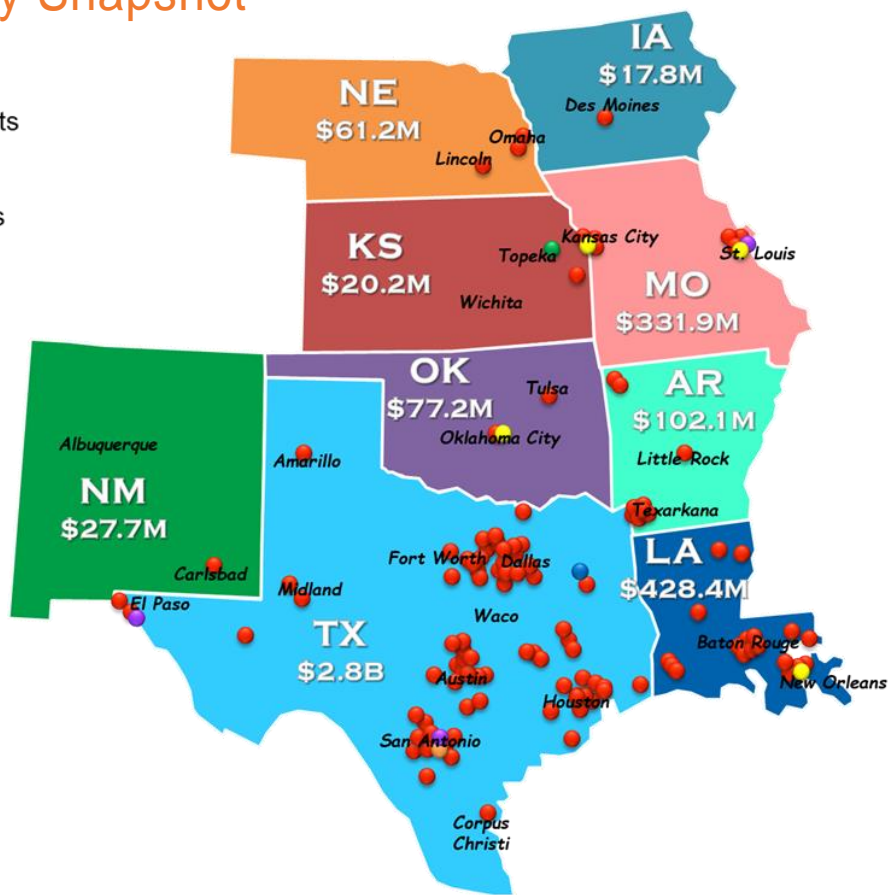


HEROS Assignment

Remember...submitting Environmental Reviews online via HEROS is to your benefit. All HEROS reviews for properties located in the Southwest Region should be assigned to Michael Buis, Fort Worth Technical Specialist Branch Chief, prior to or at the time of application submission.

Regional Construction Activity Snapshot

- **202 Capital Advance**
\$3.7M; 33 units
- **213 Coop**
\$9.5M; 52 units
- **220 NC/SR**
\$288.3M; 1,268 units
- **221d4 NC/SR**
\$3.5B; 28,381 units
- **223f Refi/Purch**
\$90.9M; 703 Units
- **231 NC/SR**
\$3.3M; 60 units



Fort Worth EnVision Center



Pictured left to right: Qiana Davis, Angela Lee, and Tamara Torres mentor students at the Fort Worth EnVision Center.

The Fort Worth EnVision Center recently kicked off its summer program – the Young Entrepreneur Program, also known as Y.E.P.! Using STEAM (Science, Technology, Engineering, Arts, and Math) skills, the program challenges students to identify socioeconomic problems or indicators within their respective communities and develop solutions to address such issues.

Hosted at the Martin Luther King Community Center, the Fort Worth EnVision Center allows volunteer mentors to guide students through the 8-week project. Many of these mentors are HUD volunteers, including Multifamily Southwest's Tamara Torres, Angela Lee, and Qiana Davis.

Changes in Management Agent

HUD relies on the lender to properly vet the management agent prior to application submission. Changes in management that take place after application submission can delay issuance of a firm commitment or initial/final endorsement. If a change to the management agent needs to be made, the request should be submitted as early in the process as possible.



Section 202 NOFA

HUD recently issued a [Notice of Funding Availability \(NOFA\)](#) for the Section 202 Supportive Housing for the Elderly Program. Applications must be submitted no later than August 28, 2019. Please contact 202CapitalAdvanceNOFA@hud.gov with any inquiries regarding the 202 NOFA. A webcast is also available [here](#).

Enhanced Regional Website

Multifamily Southwest's website has a new look! We've enhanced the interface to make the site more user friendly for our partners. Visit our [website](#) to access the latest Account Executive portfolio assignments, division-specific highlights, links to previous issues of Industry E-Blasts and Housing Notices, and job openings within our Region. You can also sign up for our Listserv to receive relevant updates for the Southwest Region.

REAC Reform

Last February, HUD announced the standardization of reduced timeframes between REAC inspection notification and actual inspection dates ([Notice PIH-2019-02 \(HA\) / H-2019-04](#)).

The new policy, applicable to non-insured properties and 542(b) Risk Share Program properties with an active Section 8 Housing Assistance Payment (HAP) contract, provides owners and agents no more than 14 calendar days' notice prior to an inspection.

If the initial inspection date is declined, refused, or canceled, a presumptive score of "0" (zero) is recorded unless another inspection is completed within the next 7 calendar days.

As a follow-up to this Notice, a [Memorandum](#) was issued to outline the specific conditions HUD may approve an owner or agent's request to postpone or delay a REAC inspection.

The Asset Management Director may approve a delay in an inspection for the following circumstances:

- **Major Rehabilitation:** Exists when the total cost of the rehabilitation is \$15,000 per unit or more (Total Cost of Repairs / Total Units = Total Cost Per Unit).
- **Presidential Disaster Declaration (PDD):** The project is in an area/county covered by a PDD during the period of inspection.
- **Other Emergency:** An emergency beyond the owner's control (such as a fire or water damage) affecting more than 30% of the units during the period of inspection. In cases where the damage is restricted to units or buildings, HUD may approve that units or building(s) be taken offline so the inspection may occur.

- **HUD Approved Repair Plan:** The project has a HUD-approved repair plan as a result of prior score(s) below 60 and the plan covers the inspection period.

An additional [Memorandum](#) was released in May to clarify enforcement actions for failure to comply with the 14-day notice. If a second attempted inspection is not completed within 7 calendar days of the original inspection date, the score of zero will be considered final and the property will be subject to enforcement.

This memo also includes updated standards for reporting on the full survey required after a failed inspection, along with new certification requirements for pre-1978 construction, to ensure the issues cited on the REAC are not in relation to any Lead Based Paint issues.

New Website for Wage Determinations

On June 14th, the U.S. Department of Labor transitioned to a [new website](#) for wage determination data. Features of the new website include:

- Search-based structure: Users may search for a variety of information including specific Davis-Bacon Act and McNamara-O'Hara Service Contract Act wage determinations.
- Learning Center with tutorial videos, tools, and other information to familiarize users with the new site.
- Create an account: By creating a beta.SAM.gov account, users may access certain features of the system only available to account holders. Users will have the option to save previous searches, start or modify a Collective Bargaining Agreement, receive email alerts regarding changes or modifications to specific wage determinations, and more.
- Timeline and history of changes to wage determinations.

Support for the wage determinations in beta.SAM.gov will continue to be provided by the [Federal Service Desk](#).