



MULTIFAMILY
SOUTHWEST
REGION

INDUSTRY E-BLAST

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news!

WINTER 2020

Closing Workshop

On November 14, 2019, Multifamily Southwest Closing Coordinators, HUD Office of General Counsel (OGC), lenders' counsel, and Southwest Mortgagee Advisory Council (SWAC) board members gathered in Fort Worth for the first-ever Southwest Region Closing Workshop, a meeting to establish best practices to improve the closing process. Over the last few years, there have been issues with submissions containing incomplete or inadequate packages, and sometimes unrealistic expectations of closing deadlines. Several new best practices were proposed at the Workshop to ensure the closing process continues running smoothly.

To keep lenders and lenders' counsel on target to reach a closing date within the 60-day expiration of the firm commitment, a Target Date Worksheet will be established at the time of firm commitment to lay out a framework of dates to submit crucial elements of the closing package. This will allow HUD staff better tracking and scheduling of closings to avoid end-of-month bottlenecks and multiple closings on the same day.



A digital whiteboard was also proposed to allow outside clients the ability to track their project's progress through the post-firm commitment issuance stage, giving them real-time updates. This will ultimately cut down on the email and phone traffic to HUD personnel, freeing us up to do more hands-on work to push the packages through the pipeline. Hello Calls between all closing parties will also be offered on all future closings as an opportunity for lenders and lenders' counsel to discuss potential issues.

The feedback from the event was positive. Although these proposals have not yet been implemented throughout the entire Southwest Region, they've been very effective in the areas where they have been used. In nearly every instance the Target Date Worksheet has been applied, HUD has met its 60-day closing target, and with clean closings.

Project Spotlight: Steelyard Apartments Awarded ULI's Large Scale Development of the Year



Steelyard Apartments, a new Oklahoma City urban community with HUD 221(d)(4) financing, was recently awarded ULI's Large Scale Development of the Year for 2019. Urban Land Institute Oklahoma's annual Impact Awards honor the people and projects that represent the best practices in land use and development, promote the creation of resilient communities, intelligent densification and urbanization, and exhibit excellent design and construction.

A diverse panel of judges experienced in land use and development scored all finalists in terms of the project's success in contributing to walkability, creating or reinforcing a sense of place, and additional measures, including criteria appropriate to specific categories, excellence in preservation, degree of difficulty, and community significance.

Steelyard anchors the east end of Bricktown, connecting the Innovation District to the urban core. Phase I of the project includes 250 apartments and provides 20,000 square feet of street-level retail space for Bricktown and the surrounding area. A former oilfield and railyard site, the brownfields project expands the urban living opportunities in downtown Oklahoma City on a site that would be unused without remediation and substantial utility relocation efforts. The development team of Cornerstone Development, the City of Oklahoma City, the Oklahoma City Urban Renewal Authority, and the Center for Economic Development Law worked extensively with HUD Multifamily, ODEQ, and the EPA to complete this highly visible and challenging project.

Do you have a property that has received special recognition? Send us an email with all relevant details to MFSouthwest@hud.gov.

Owner Spotlight: Morgan Cox of The Marquis Group

In the two and a half years since the Section 8 Houston property was destroyed by Hurricane Harvey, Arbor Court's owner Morgan Cox has worked tirelessly to find the best solution for the community's displaced residents. After the property's first-floor units were severely flooded, the City of Houston refused to issue building permits to rebuild the property, leaving many residents displaced. Cox's solution was to purchase and rehab a Houston tax credit property with conventional financing and transfer Arbor Court's existing HAP Contract through an 8bb transaction.

Arbor Court's residents were given the option to receive Tenant Protection Vouchers or relocate to the new community, Cullen Park. Cullen Park has larger units and better amenities, including a swimming pool and community room. As of January, all residents have been relocated and the number of transferred HAP units increased from 232 to 240. We appreciate the dedication of Morgan Cox and The Marquis Group for going above and beyond to take care of residents following this major disaster.

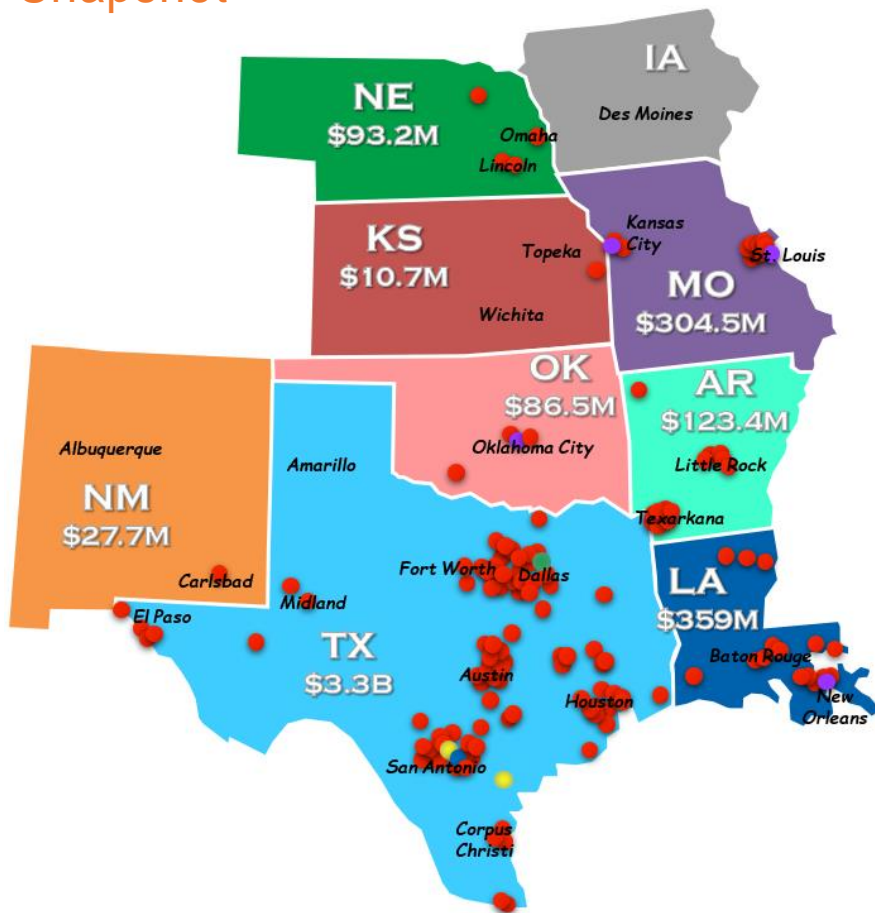


Kansas City SWAC Conference

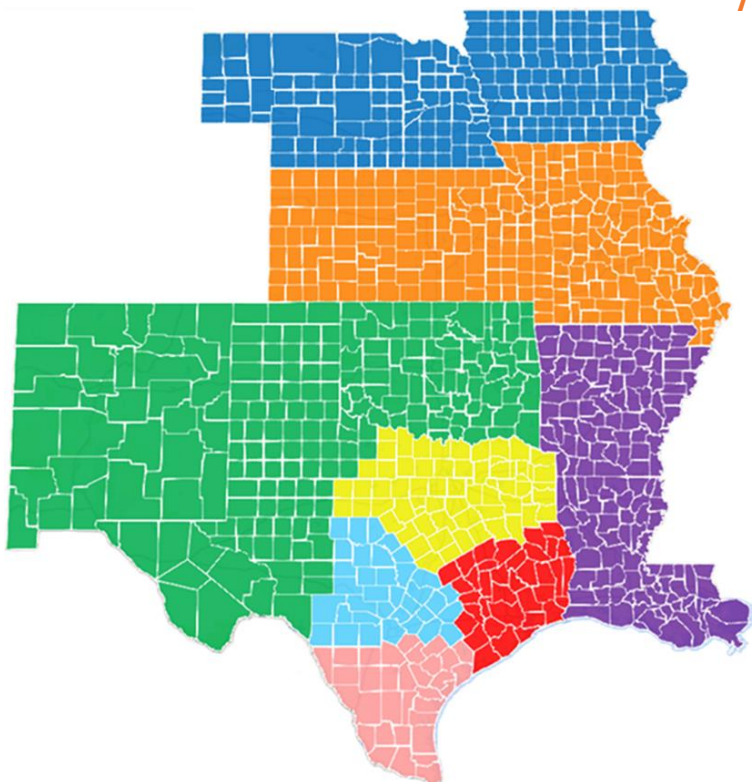
In December, HUD Multifamily Southwest held a successful Southwest Mortgagee Advisory Council (SWAC) Learning Seminar in Kansas City, with nearly 100 industry attendees. HUD and an industry panel of instructors collaborated to discuss the submission of Multifamily FHA applications and learn ways to prevent and reduce processing roadblocks. Seminar areas included a mortgage credit session to discuss REO schedules and best practices for streamlining application processing, along with a panel on environmental issues that can cause significant time delays, such as Section 106 and fracking.

Regional Construction Activity Snapshot

- **202 Capital Advance**
\$3.7M; 33 Units
- **223f Refi/Purch**
\$32.5M; 221 Units
- **220 NC/SR**
\$288.3M; 1,268 Units
- **231 NC/SR**
\$23.7M; 144 Units
- **221d4 NC/SR**
\$4B; 33,380 Units



Assigned Territories for Multifamily Southwest Appraisers



- ◆ Kevin Keller; Larry Hall
- ◆ Larry Hall; Steve Homer
- ◆ Jeffrey Lowman; Kathy Bedford; Marcus Wilson
- ◆ Bradley Holloway; Robert Waterhouse
- ◆ Jeffrey Lowman; Jim Ponton; Robert Waterhouse
- ◆ Bradley Holloway; Kathy Bedford
- ◆ Jeffrey Lowman; Marcus Wilson
- ◆ Kevin Keller; Steve Homer

Senior Citizens Y-House Grand Reopening

On December 18, 2019, Senior Citizens Y-House celebrated its grand reopening in Beaumont, Texas. This event was hosted by J. Allen Management and attended by city and state officials, including Texas General Land Office (GLO) Commissioner George P. Bush. The YMCA historical building was constructed in 1928 and renovated in 1998 to a 40-unit apartment community for low-income elderly residents.



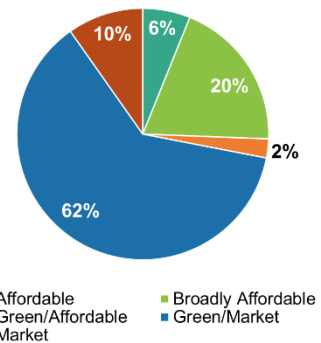
Closed since 2017, Senior Citizens Y-House was severely damaged in Hurricane Harvey by wind-driven rains; water penetrated the tile roof and cascaded down the third and second floors through the hallways and unit interiors. The property was awarded \$3,728,273 from the Texas GLO to undergo a complete renovation. The GLO funds allowed the project to return to a like new condition, with upgrades to the roofing materials (now hurricane rated) and watertight foam insulation inside the exterior walls. The GLO funds also funded restoration of an adjoining community space that was donated to the project owner.

FY20 YTD Production Activity

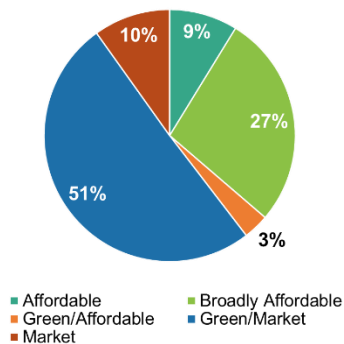
Multifamily Southwest is already on track to surpass FY19's activity, with over \$1.6 billion firm commitments issued and FHA closings totaling nearly \$1.75 billion in insured mortgage volume as of YTD.

SOA	COMMITMENTS	MORTGAGES	UNITS
221(d)(4) NC/SR	33	\$865.5 M	6,715
223(a)(7) Refi	16	\$306.5 M	3,014
223(f) Refi/Purch	32	\$468 M	4,929
241(a) Impvmnts	1	\$7.2 M	60
TOTAL	82	\$1.6 B	14,718

Firm Commitments by MIP



Closings by MIP



SOA	CLOSINGS	MORTGAGES	UNITS
221(d)(4) NC/SR Initial	34	\$832.5 M	6,800
221(d)(4) NC/SR Final	22	\$458.9 M	4,123
223(a)(7) Refi Initial/Final	6	\$109.6 M	1,149
223(f) Refi/Purch Initial/Final	27	\$338.6 M	3,936
241(a) Impvmnts Initial	1	\$10.4 M	60
HFA Risk Sharing Initial/Final	1	\$800 K	60
TOTAL	91	\$1.75 B	16,128

Lender Metrics Update

Multifamily Southwest has completed the testing phase on all lender metrics and HUD Headquarters will soon implement this initiative nationally. We are open to meeting with lenders for feedback. If you wish to discuss your own lender metrics, please contact Brandi.L.Satre@hud.gov.

Section 202 NOFA

Two Multifamily Southwest projects recently received 202 awards under the FY2018 Section 202 Notice of Funding Availability (NOFA) for the Section 202 Supportive Housing for the Elderly Program.

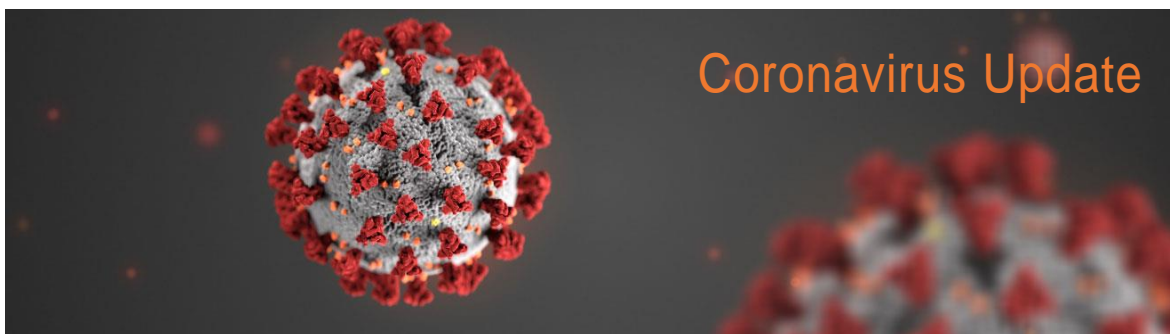
Documenting Categorical Exclusions, Not Subject to Related Laws and Authorities (CENST)

An environmental review record must be generated for each multifamily project application coming into HUD, including projects that are Categorically Excluded, Not Subject to the Related Laws and Authorities (CENST). This includes 223(a)(7) and 223(f) properties that are already in HUD's portfolio and have no work beyond maintenance.

We ask that our partners either input information about these deals directly into HEROS or submit a new Partner Worksheet created specifically for these projects. This Partner Worksheet can be found at <https://files.hudexchange.info/resources/documents/HEROS-Guidance-for-223a7-and-CENST-223f-Projects.pdf>. When you are ready to assign a HEROS review to HUD Multifamily Southwest, the review must be assigned to Michael Buis (Michael.A.Buis@hud.gov), Fort Worth Technical Specialist Branch Chief.

Revision of 223(f) Three-Year Rule Policy

On March 2, 2020, HUD issued [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. Please refer to the Notice for specific eligibility requirements.



HUD Secretary Dr. Ben Carson was recently added to the White House Coronavirus Task Force. All federal agencies are working aggressively on a multi-layered, cross-agency public health response to this evolving situation. We are encouraging our industry partners to make the information below available to residents. We further encourage multifamily owners, agents, Performance Based Contract Administrators, FHA lenders, and all stakeholders to make this same information available to their employees:

- [What you need to know about Coronavirus Disease 2019 \(COVID-19\)](#)
- [Stop the Spread of Germs](#)
- [Symptoms of Coronavirus Disease 2019](#)
- [What to do if you are sick with Coronavirus Disease 2019 \(COVID-19\)](#)

Stakeholders are reminded to ensure their responses remain faithful to obligations under the Constitution, Fair Housing Act, and related regulations. Exigencies associated with important and timely response to issues surrounding COVID-19 are not the basis for unlawful discrimination based on race, color, religion, national origin, sex, disability, or familial status. Please visit the [Multifamily Housing home page](#) for the latest information.

Outstanding Non-Critical Repairs

Multifamily Southwest has a significant number of properties with non-critical repairs that have not been completed within the required 12-month timeframe. We will be reaching out to lenders in Quarter 2 to put them on notice. If you're aware of any projects with non-critical repairs beyond 12 months, please address them immediately.

2020 SWAC Conference

Don't forget to register for this year's annual SWAC Conference, to be held May 4th – 6th in Fort Worth, Texas.