Development Planning (Part 3)
Operations & Project Management

Day 1
August 12, 2026
Virtual

This training is offered by the U.S. Department of Housing and Urban Development (HUD) and the Office of Native American Programs, under a cooperative agreement with FirstPic, Inc.

Introductions

Lorna Fogg

Vice-President, Finance & Development

- Who I am:
  - RTHawk is 100% owned by a member of the Standing Rock Sioux Tribe.
  - We are a relationship driven company.
  - I have been in the Affordable Housing Industry since 1995.
  - I helped bring the LIHTC program to Indian Country.
  - I worked for an LIHTC investor for over seven years.

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Introductions

Jason Adams

ACE Housing & Development, LLC

- Who I am:
  - Over 30 years of experience in Indian Housing.
  - Executive Director experience
  - Three NAHASDA Negotiated Rulemaking committees
  - Experience with all types of Indian Housing development

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Introductions

- Please use chat to tell us who are you:
  - Name
  - Title
  - Length of employment
  - Organization you work for

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Agenda

ONAP TRAINING
Development Planning (Part 3): Operations & Project Management

TRAINING AGENDA

August 12-13, 2026 | 9am – 3pm Central Time

There will be breaks throughout the training

DAY 1: WEDNESDAY, AUGUST 12

9am-3pm
- Section 1: Transitioning from Development to Management
- Section 2: Asset Management
- Section 3: Property Management Overview
- Section 4: Administrative Requirements

LUNCH BREAK

- Section 5: Insurance
- Section 6: Organizational Design
- Section 7: Policies
- Section 8: Management and Operations
- Section 9: Admissions and Occupancy

TRAINING AGENDA *(continued)*

DAY 2: THURSDAY, AUGUST 13

9am-3pm
- Section 10: Housing Counseling
- Section 11: Maintenance Operations
- Section 12: Collections
- Sections 13: Managing Mortgage-Driven Lease Purchase

LUNCH BREAK

- Section 14: Financial Planning
- Section 15: Setting Rents
- Section 16: Monitoring
- Section 17: Guiding Your Vision for Affordable

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Development Planning Training Series:
Description

This course reviews the housing development process in Native communities from project formation to property management. Three sessions will be delivered covering the following:

- Development Process Overview
- Project Development Phase
- Project Operations

Participants will learn how to design and implement a housing development strategy, tailored to community needs and today's financing environment. Different housing development approaches, such as rental, lease purchase, and homeownership will be discussed. Innovative financing strategies, site selection issues, contracting, construction management, and loan packaging will be examined. Operations and management issues, including financing, marketing, pre-leasing, leasing, and management will also be explored. The risks and rewards of several Native development models will be examined to illustrate today's housing development process.

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Section 1: Transitioning from Development to Management

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Retrace Involvement in Development Process

- To appreciate the larger picture involved in the life cycle of projects, it is helpful to take a step back and retrace some of the major steps leading up from the Development side.
- Housing Management is involved in the process prior to the actual point of transfer of records.
- Loan Management becomes involved in project operations at initial occupancy
- Of course, there are variations, particularly with limited staff.

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When Does Property Management Begin?

There are several stages in the life of an affordable housing property.

TIMELINE

When does property management really begin?

Experienced property managers and developers can cite many examples of affordable housing projects that could have identified and avoided problems if skilled property management input was available at the early stages of development.

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Development to Management

- If the same people do development and operations
  - We rely on personal memory
  - And then they leave with those memories
- If different people do development and operations
  - Need to share information back and forth

Either way there needs to be a process for the organization to retain project development information for efficient project operations.

Include Operations in Planning & Development

Ask	Ask	Let	Work
Ask maintenance for input on best and worst materials and fixtures	Ask occupancy staff and maintenance about the most loved/hated features in prior homes	Let the Director and occupancy know far in advance if the standard lease will need revisions	Work with the intake staff about adding questions to the application form to capture required data

Monitoring and Reporting Requirements

- Make a cheat sheet!
  - Comb though the financing documents
  - List what reports are due and when
  - List what data is needed for those reports
  - Note if there are penalties for noncompliance
  - Note how often inspections/monitoring visits will happen
  - Put page & document references for each
- Who needs this at your organization?

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As Built Plans, Materials and Warranties

As builts

- Site plan
- Building plans
- Installed materials & fixtures – names, models
- Warranties for labor and materials

Make a timeline of warranty expiration dates

Check everything a few months *before* warranty expires

Who needs this at your organization?

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Get Organized, So This Won't Happen…

- Employee left, and the files are a mess
- We found three site plans showing different sewer pipe locations. Which one was final?
- The water heaters are burning out at 4 years old. Are they under warranty?
- We have a dispute with the funder, but the contract refers to the grant application, which we shredded after two years.
- We missed a reporting deadline
- we didn't know about.

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Section 2: Asset Management

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Asset Management

Asset management ensures the long- term viability and profitability of the asset.

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Goals of Asset Management

What are the goals of asset management????

- ✓ **Physical viability over time**
- ✓ **Financial viability over time**
- ✓ **Regulatory compliance**

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Physical Viability

- The quality of the building or physical asset is maintained through:
  - Planned maintenance schedule
  - Planned replacements schedule
  - Capital improvements to remain competitive

Capital Improvement Plan

ANALYSIS OF PROJECTED MAINTENANCE

Will NOT need replacement within 15 years	WILL need replacement at 15 years
• Siding	• Flooring
• Electrical Wiring	• Locks
• Plumbing Pipes	• Paint
• HVAC System	• Selective Appliances
• Insulation	• Plumbing Fixtures
• Cabinets / Counter tops	• Sprinklers
	• Window Coverings
	• Windows

ANALYSIS OF CAPITAL IMPROVEMENT RESERVE

Capital improvement reserve	$900.00
Multiplied by 12 months	$10,800.00
Multiplied by 15 years	$162,000.00
Divided by 10 units	**$16,200.00**

Financial Viability

The financial viability or profitability of the asset is ensured by:

- Measuring against indicators
- Analyzing trends
- Ensuring reserves
- Assessing outstanding debt

Development Budget to Operating Budget

- Need to know how much the project costs
- Need to know operating expenses
- Knowledge of the two budgets provides answers to the following questions:
  - How much revenue will be generated by the project?
  - What are the costs of other operating expenses?
  - Are there sufficient funds for loan repayment?

Monitor Strategic Issues

- The asset manager must monitor financial performance for:
  - Consistent and increasing revenue
  - Ability to absorb cost increases
  - Unusual trends for specific costs
  - Sufficient and growing reserves
  - Debt coverage ratio
  - Anticipated changes in future years

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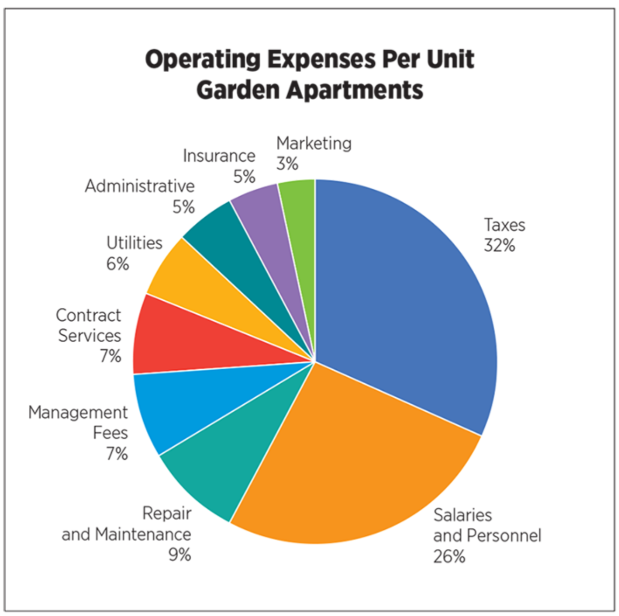
Identify Operating Expenses



Source: NAA 2018 Survey of Operating Income & Expenses; market rate, individually metered and recovery system properties

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Key Documents to Obtain and Review

From private lender:

Loan review/analysis

Appraisal

From developer:

Development Budget

Sources and Uses Statement

Operating Budget (pro-forma)

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Sources And Uses Statement

- Costs and funds to complete the project
- Helps determine how much funding needed to develop property
- Sources = funds to pay costs
- Uses = one-time costs

SOURCES = USES

When Uses are greater than Sources, you have a Gap.

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Monitor Strategic Issues

The asset manager uses ratios to indicate how successfully a property is utilizing its assets to generate revenues. ... Common examples include ratios to assess

- Unit turnover
- Inventory turnover
- Accounts payable & receivables ratios
- Cash conversion cycle - It is the time required for a business to turn purchases into cash receipts from customers.
- Collections
- Vacancy

Appropriate budgeting

- Budget versus actual
- Financing requirements

Calculations for Asset Management

- Mortgage Delinquency Rate
- Occupancy Rate
- Vacancy Rate
- Turnover Rate
- Breakeven
- Loan to Value
- Debt Coverage

Calculations for Asset Management

Occupancy Rate formula for a particular month is number of units rented/number available to be rented X 100. For example, you may have 50 units rented of the total of 55 units.

50 / 55 = .90 X 100 = 90%

Vacancy Rate: Take the number of vacant units and dividing that number the total number of units. The vacancy rate and occupancy rate should add up to 100%. So, if an apartment building has 300 units, and 30 units are unoccupied, it means the vacancy rate is 10%.

30 / 300 = .01

.01 X 100 = 10%

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Calculations for Asset Management

- ***Mortgage Delinquency Rate:*** Divide the number of loans that are delinquent by the total number of loans held by the Recipient.

32 / 90 = .35 X 100 = 35%

- ***Turnover Rate:*** Divide the number of tenants that move out in a 12-month period over the total number of tenants that you have in that 12-month period. Then, multiply by 100.

70 100 = .70 X 100 = 70%

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1. Calculate Occupancy Rate

Sundown Heights Subdivision has a total of 85 units rented out of its 95 total units. What is Sundown Heights Subdivision's occupancy rate?

85 / 95 = .89 X 100 = 89%

2. Calculate Vacancy Rate

What percentage of Sundown Heights Subdivision units are unoccupied?

11 / 100 = .11

11 X 100 = 11%

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3. Calculate Mortgage Delinquency Rate

The Any TDHE holds 20 mortgage loans of which 4 are delinquent. What is the rate of delinquency?

4 / 20 = .20 X 100 = 20%

4. Calculate Mortgage the Turnover Rate

In 2020, 12 tenants moved out of a total of 150 tenants. Calculate the turnover rate.

12 / 150 = .24 X 100 = 24%

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Key Rental Housing Requirements:
Implications for Underwriting

- Project must be maintained for affordability period
  - Rental income must be sufficient to operate property
    - Sufficient income to pay expenses & debt service
    - Sufficient income to save for reserves
  - Property manager must maintain proper number of - assisted units and document tenant incomes
  - Grantee must have method of ensuring on-going compliance after subsequent rents/sales
    - Deed restriction or land covenant
- Follow sustainable underwriting approach

How Much Private Debt Can Be Supported?

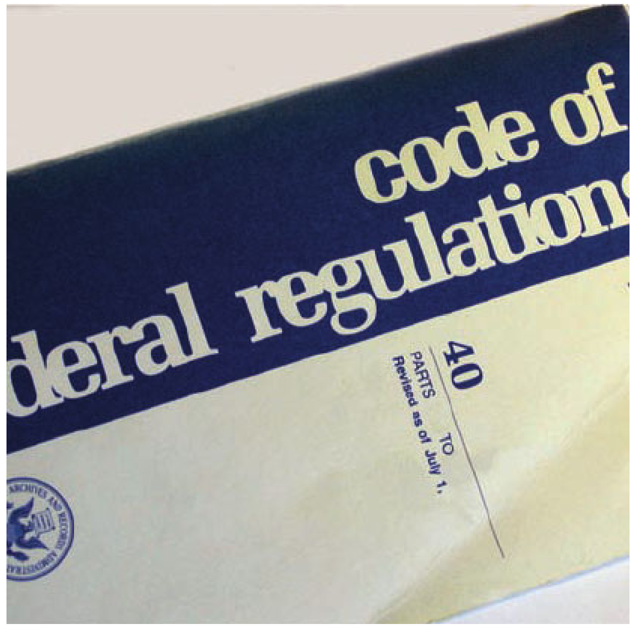
- Private loan amount is <u>lower</u> of:
  - Loan by LTV (loan to value) and
  - Loan by DCR (debt coverage ratio)

- Loan by LTV = don't loan more than lender could recover in foreclosure sale
- Loan by DCR = payments can't be more than project can afford to pay
- Must fill the gap between private loan & project financial need; otherwise, the project will fail

Regulatory Compliance

Regulatory compliance may include compliance with:

- Lender requirements
- Federal requirements
- State and local requirements



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Monitor Strategic Issues

The asset manager must review records at least annually, including:

- Financing documents
- Reporting requirements
- Warranties

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Watch for Challenges

Some challenges that may arise over time include:

- Resident turnover
- Staff turnover
- High vacancies
- Financial weakness
- Property deterioration
- Community change
- Attention from lenders

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Section 3: Property Management Overview

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Property Management Functions

1. Administrative Requirements
2. Management & Operations
3. Procurement & Indian Preference
4. Admissions & Occupancy
5. Maintenance
6. Financial Management
7. Useful Life & Insurance
8. Monitoring

Establish Property Management Goals:

- Comply with all Tribal and applicable federal, state, and local laws and regulations,
- Build capacity to provide an array of services tailored to the needs of the community,
- Provide excellent service to all residents,
- Maintain the property in superb condition,
- Keep expenses within the operating budget,
- Explore opportunities for revenue growth or expense reduction, and
- Assess and address capital needs proactively.
- Access funds and services to enhance the ability to meet community housing needs.

Which of the following applies to NAHASDA?

- Age Discrimination Act of 1975 (42 U.S.C 6101-6107) and HUD's implementing regulations in 24 CFR Part 146.
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and HUD's Regulations at 24 CFR Part 8.
- The Indian Civil Rights Act (Title II of the Civil Rights Act of 1968; 25 U.S.C. 1301-1303)
- Real Property acquisition requirements subject to 49 CFR Part 24, Subpart B.

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Which of the following applies to NAHASDA?

- Department of Labor Standards
- The Uniform Relocation Act.
- National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321)
- 24 CFR Part 584 CFR Part 50
- 2 CFR Part 2424 on the use of debarred, suspended, or ineligible contractors
- Indian Self-determination and Education Assistance Act (ISDEAA)

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Section 4: Administrative Requirements

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§1000.26 What are the administrative requirements under NAHASDA?

(a) Except as addressed in § 1000.28, recipients shall comply with the requirements and standards of 2 CFR part 200, "Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards", except for the following sections:

(1) Section 200.113 applies, except that, in lieu of the remedies described in § 200.338, HUD shall be authorized to seek remedies under subpart F of this part.
(2) Section 200.302(a), "Financial management."
(3) Section 200.305, "Payment," applies, except that HUD shall not require a recipient to expend retained program income before drawing down or expending IHBG funds.
(4) Section 200.306, "Cost sharing or matching."
(5) Section 200.307, "Program income."
(6) Section 200.308, "Revision of budget and program plans."
(7) Section 200.311, "Real property," except as provided in 24 CFR 5.109.
(8) Section 200.313, "Equipment," applies, except that in all cases in which the equipment is sold, the proceeds shall be program income.
(9) Section 200.314, "Supplies," applies, except in all cases in which the supplies are sold, the proceeds shall be program income.
(10) Section 200.317, "Procurement by states."

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§1000.26 What are the administrative requirements under NAHASDA?

(11) Sections 200.318 through 200.326 apply, as modified in this paragraph (a)(11):

(i) De minimis procurement. A recipient shall not be required to comply with 2 CFR 200.318 through 200.326 with respect to any procurement, using a grant provided under NAHASDA, of goods and services with a value of less than $5,000.

(ii) Utilizing Federal supply sources in procurement. In accordance with Section 101(j) of NAHASDA, recipients may use Federal supply sources made available by the General Services Administration pursuant to 40 U.S.C. 501.

(12) Section 200.325, “Bonding requirements,” applies. There may be circumstances under which the bonding requirements of 2 CFR 200.325 are inconsistent with other responsibilities and obligations of the recipient. In such circumstances, acceptable methods to provide performance and payment assurance may include:

(i) Deposit with the recipient of a cash escrow of not less than 20 percent of the total contract price, subject to reduction during the warranty period, commensurate with potential risk;

(ii) Letter of credit for 25 percent of the total contract price, unconditionally payable upon demand of the recipient, subject to reduction during any warranty period commensurate with potential risk; or

(iii) Letter of credit for 10 percent of the total contract price, unconditionally payable upon demand of the recipient, subject to reduction during any warranty period commensurate with potential risk, and compliance with the procedures for monitoring of disbursements by the contractor.

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§1000.26 What are the administrative requirements under NAHASDA?

(13) Section 200.328(b) through (d) and (f), “Monitoring and reporting program performance.”

(14) Section 200.333, “Retention requirements for records.”

(15) Section 200.338, “Remedies for noncompliance.”

(16) Section 200.343, “Closeout.”

(b)

(1) With respect to the applicability of cost principles, all items of cost listed in 2 CFR part 200, subpart E, which require prior Federal agency approval are allowable without the prior approval of HUD to the extent that they comply with the general policies and principles stated in 2 CFR part 200, subpart E and are otherwise eligible under this part, except for the following:

(i) Depreciation method for fixed assets shall not be changed without the approval of the Federal cognizant agency.

(ii) Penalties, damages, fines and other settlements are unallowable costs to the IHBG program.

(iii) Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for personal use), regardless of whether reported as taxable income to the employees (2 CFR 200.445) requires HUD prior approval.

(2) In addition, no person providing consultant services in an employer-employee type of relationship shall receive more than a reasonable rate of compensation for personal services paid with IHBG funds. In no event, however, shall such compensation exceed the equivalent of the daily rate paid for Level IV of the Executive Schedule.

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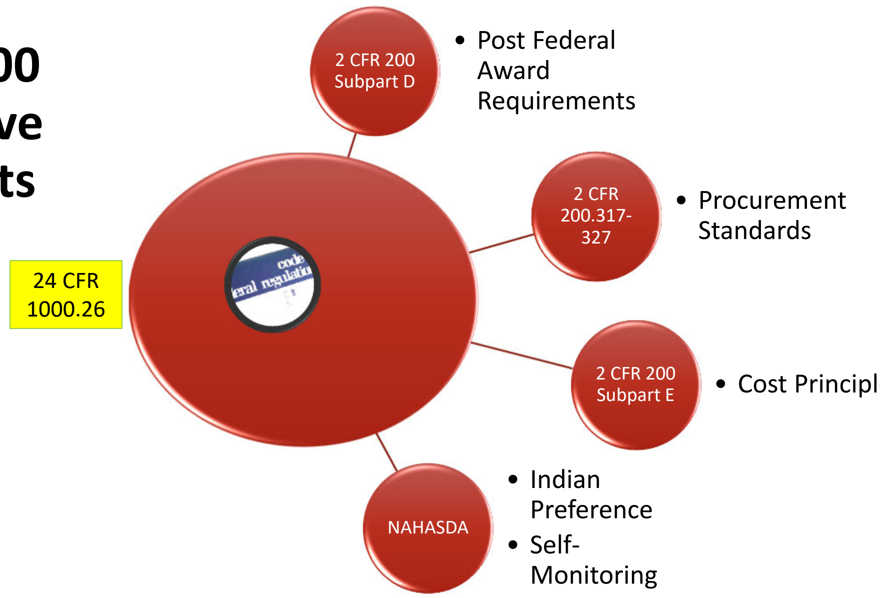
2 CFR Part 200 Administrative Requirements



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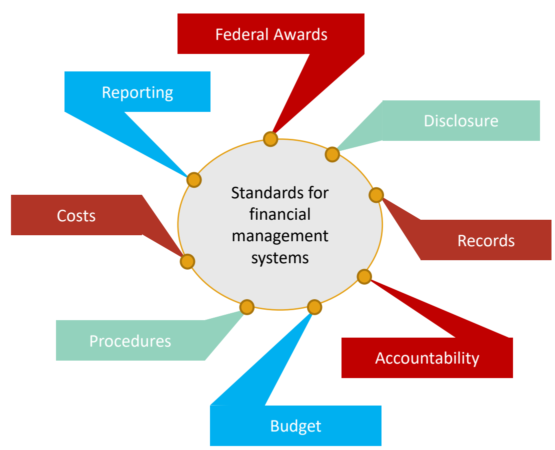
Standards for Financial Management Systems

Standards include:

Federal Awards

Recipients must establish a chart of accounts code, identifying the following:

- CFDA title and number
- Federal award identification number and year, name of the Federal agency
- Fiscal year awarded
- Name of the pass-through entity (if any)
- Classification system for charges and disbursements



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Records and Disclosure

- The Recipient’s entity's records will be subject to the Freedom of Information Act (FOIA) and applicable exemptions;
- Identifiable information will be kept confidential subject to circumstances described in 2 CFR Part 200.338;
- Recipients must disclose their cost accounting practices by filing a Disclosure Statement when receiving more than $50 million; and
- All conflicts of interest, potential or real, must be disclosed.

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Records

- Identifying the source and application of funds
- Contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest
- Supported by source documentation
- The Recipient’s obligation to account for its activities
- Accept responsibility and disclose the results

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Accountability Standards

Standards include:

- The Recipient’s obligation to account for its activities
- Accept responsibility and disclose the results

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Budget

- A financial plan for a Recipient’s project
- Must be prepared according to performance measures for program evaluation
- Chart of accounts must be established to reflect job and unit costs

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Procedures

The Recipient must maintain written procedures describing:

- Staff responsibilities
- Tasks
- Activities for Federal award implementation
- Costs must be:
  - Reasonable
  - Allowable
  - Allocable

Reporting

The Recipient must maintain accurate, current, and complete disclosure of the financial results.

- Maintain the following essential reports:
  - SF 425 financial status reports
  - Year-end financial statements
  - Audit reports
  - Annual performance reports
  - Self-monitoring
  - Annual audits

Audits

- Audits - (2 CFR Part 200 Subpart F and 24 CFR Part 1000.544 – 550)
- New threshold: $1,000,000 Federal funds expended in FY
- Independent auditor
- In accordance with generally accepted government auditing standards covering financial audits
- Due 9 months after end of FY (must submit to clearinghouse and HUD ONAP)

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Comply with Federal Cost Principles

Written policies and procedures are necessary to ensure that costs are **reasonable**, **allocable**, and **allowable**. NAHASDA Program: 2 CFR Part 200 Subpart E – allowability of costs.

2 CFR 200	COST TYPE	DESCRIPTION
421	Advertising	ALLOWABLE if costs are incurred for recruitment of staff or trainees, procurement of goods and services, and other specific purposes necessary to meet the requirements of the NAHASDA-supported project or activity.
421	Public relations	ALLOWABLE if (1) costs are incurred for communicating with the public and press pertaining to specific accomplishments which result from performance of the NAHASDA program, or (2) costs of conducting communication and liaison necessary to keep the public informed on matters of public concern, such as notices of awards, financial matters, etc.
422	Advisory councils	ALLOWABLE: Advisory councils or committees, such as Finance Committees or Investment Committees, costs are allowable.
423	Alcoholic beverages	UNALLOWABLE.
425	Audit services	ALLOWABLE. Periodic financial reviews are also allowable. See §1000.546.
426	Bad debts	UNALLOWABLE – Bad debt and related collection and legal costs.
427	Bonding costs	ALLOWABLE, when HUD requires bonding to protect its interest.
428	Collection of improper payments	ALLOWABLE, to recover payments incorrectly made to employees, tenants or contractors.
430	Compensation: Salary and wages	ALLOWABLE costs to the extent that the amount is reasonable in relation to the work performed. ALLOWABLE if person providing consultant services in an employer-employee type of relationship does NOT receive more than a reasonable rate of compensation for personal services paid with IHBG funds. Compensation CANNOT exceed the equivalent of the daily rate paid for Level IV of the Executive Schedule. See §1000.26(b)(2).
431	Compensation: Fringe benefits	ALLOWABLE, however NOT ALLOWABLE: (1) Automobile costs for personal use are unallowable, regardless of whether the cost is reported as taxable income to employees.
432	Conferences	ALLOWABLE. (1) Costs for meetings, seminars, and symposiums are allowable, which may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences. (2) Cost of IDENTIFYING (but not providing) locally dependent care resources.

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Unallowable Costs Include . . .

- Entertainment
- Contributions
- Liquor
- Donations
- Costs related to criminal or civil proceedings
- Lobbying
- Items for personal use
- Costs incurred for uncollectable receivables
- The cost of governing
- Fundraising
- Pre-award costs
- Investment management
- Idle facilities
- Interest
- Bad debts, fines, and penalties

Reasonable Cost

- A cost is reasonable if it does not exceed what a prudent person would pay, under the circumstances prevailing at the time the decision was made to incur the cost.

Lunch Break

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Section 5: Insurance

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NAHASDA Citation for Insurance

§ 1000.138 What constitutes adequate insurance?

Insurance is adequate if it is a purchased insurance policy from an insurance provider or a plan of self-insurance in an amount that will protect the financial stability of the recipient's IHBG program. Recipients may purchase the required insurance without regard to competitive selection procedures from nonprofit insurance entities which are owned and controlled by recipients and which have been approved by HUD.

Insurance

PROGRAM GUIDANCE 2014-03 (RECIP)
March 21, 2014 Page 2

Purpose: The intent of this guidance is to provide IHBG recipients with direction on the following: (1) When is insurance required? (2) What insurance requirements apply, and when is insurance adequate? (3) What insurance requirements apply to contractors and subcontractors? And, (4) What are other insurance requirements under NAHASDA?

When is insurance required and in what amount? Insurance coverage is required for housing units that are owned, operated, or assisted with IHBG funds. Adequate insurance is insurance in an amount that will protect the financial stability of the recipient's IHBG program. This means that the recipient's housing units and privately owned housing units that are assisted with IHBG funds must be adequately insured for one of the two time periods listed below, whichever is longer:

 the useful life (affordability period) of recipient or privately owned units, or

 the term of a repayment or forgiveness agreement for all or part of the IHBG assistance for privately owned housing units.

Housing units assisted with IHBG funds must remain affordable for their useful life as determined by the recipient (affordability period), and recipients must have a means of insuring their investment during this period. Therefore, as long as the useful life (affordability period) has not expired, IHBG-assisted housing units owned or operated by the recipient must be covered by adequate insurance.

Insurance

Insurance for housing may be either a purchased insurance policy from an insurance provider or a plan of self-insurance. Recipients may not require insurance on privately owned housing assisted with IHBG funds, if there is no risk of loss or exposure to the recipient, or if the assistance is in an amount less than $5,000, unless repayment of all or a portion of the assistance is part of the assistance agreement. If private homeowners are unable to provide proof of insurance during the useful life (affordability period) of the assisted properties, the recipient must take steps to insure the units in order to protect its IHBG investment. This protection can be provided in a number of ways including:

- Purchase insurance for housing units that are owned, operated, or assisted with IHBG funds in an amount that is adequate to provide replacement cost to protect the IHBG investment.
- Have IHBG-assisted, private homeowners provide proof of replacement insurance for the useful life (affordability period) of the assistance received.
- Purchase insurance for privately owned housing units in the amount of the outstanding balance of the IHBG assistance provided.

Useful Life

- Program Guidance 2020-02 - clarify (1) what will be considered "satisfactory to the Secretary"; and (2) what constitutes an acceptable binding commitment.
- Provides samples to document useful life for housing units assisted with IHBG funds and replaces Program Guidance 2014-09.

Minor Investments

- If the period is less than a year it is not necessary to record the written use restriction for purposes of complying with NAHASDA.
- It is good business practice to record the use restriction for purposes of giving notice to subsequent purchasers.

Binding Agreement

- Binding agreement satisfactory to HUD is
  - A written use restriction agreement, developed by the recipient, and placed on an assisted property for the period of its useful life
- Program Guidance 2020-02 provides sample binding agreements

Ongoing Issues for Rental Housing

- Useful Life: Rental property funded with IHBG funds – must remain affordable over its established Useful Life
  - Tribe must describe in IHP the Useful Life for all IHBG assisted units

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Section 6: Organizational Design

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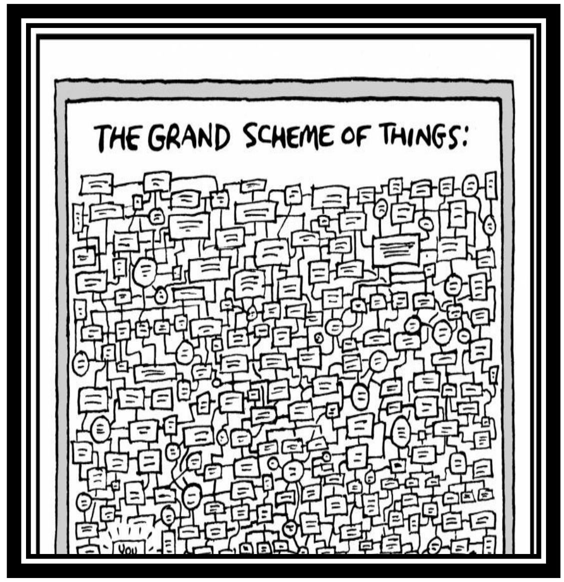
Well-Defined Organizations Achieve Goals

Well-Defined Organization Implement Effective Internal Controls



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Management and Organizational Structure Objective

- Must establish an organizational structure assuring
  - Implementation of key areas of authority,
  - Appropriate lines of reporting, and
  - Internal controls are sufficient to reduce risk and safeguard assets

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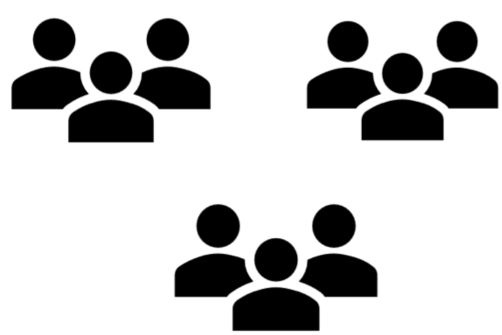
Management and Organizational Structure
ONAP Perspective

- The Council/Board members are responsible for ensuring:
  - Policies are adopted and properly carried out
  - Annual audits and self-monitoring are conducted
  - Findings and issues are resolved in a timely manner by the Executive or Housing Director
- The Council/Board members should:
  - Have appropriate knowledge and experience to ensure the organization operates in a legal and ethical manner
  - Maintain its independence from management;
  - Select and hire an Executive/Housing Director
  - Approve the annual budget
  - Act as community liaison

TDHE: Board. . .
Department: Council . . .

- Many factors to be considered
  - Liability
  - Accessibility to concerns, issues
  - Knowledge of resources, issues
  - Management capacity
  - Degree of control
  - Cost to operate



Governance

- Typical Board Responsibilities
  - Set the strategic direction of the organization
  - Ensure compliance with laws, regulations, grants, etc.
  - Approve annual budgets, financial reports, and audits
  - Set spending and contracting authority
    - No "magic number." Based upon the circumstances, including the ED's experience, tenure, history, etc.
  - Review and approve expenditures in excess of spending authorities
  - Best practice: hire and retain competent Executive Director (or CEO), then avoid micromanaging

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Section 7: Policies

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What Is a Policy?

- Policies and procedures provide for consistent and cohesive action on the part of an organization.
- A policy is a value or perspective that guides action.
- Policies say what to do or states a desired outcome and help achieve fairness and consistency.
- Provide rules governing implementation of a process.

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Purpose of Policies

- Ensure that all housing staff do things the same way, thus promoting consistency and fairness while also minimizing the potential for disputes or legal actions
- Provide a foundation for sound management and supervision
- Provide a basis for auditor justification

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What Is a Procedure?

Procedures tell what to do when to do it, and who is responsible for doing it.

A procedure establishes the specific manner in which a function is to be performed, assigns responsibility, and describes specific action, whether it be answering a phone, setting up a file, determining income, inspecting a property, preparing a form, or writing a report.

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Why are Procedures Necessary?

- A good set of written procedures increases the likelihood that programs will be:
  - Administered properly;
  - Delivered in a way that staff know their responsibilities;
  - Implemented in a manner that ensures performance objectives are met according to the established policies;
  - Consistently delivered;
  - Understood and trusted by the public;
  - Delivered efficiently, with as many households served as possible;
  - More easily delivered by new staff with little interruption to workflow; and
  - Understood and accurately described by staff, members of the board and/or Tribal council.

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Required Policies

- Section 203 of NAHASDA requires that certain policies be adopted.
  - Rent
  - Insurance
  - Admissions & Occupancy
  - Maintenance
  - Inspections
  - Conflict of Interest

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Essential Components of a Housing Policies

- Purpose
- Applicability
- Application
- Income and other eligibility requirements
- Calculation of assistance
- Preferences
- Selection process
- Verification requirement
- Waiting list requirements
- Amount of assistance
- Useful life

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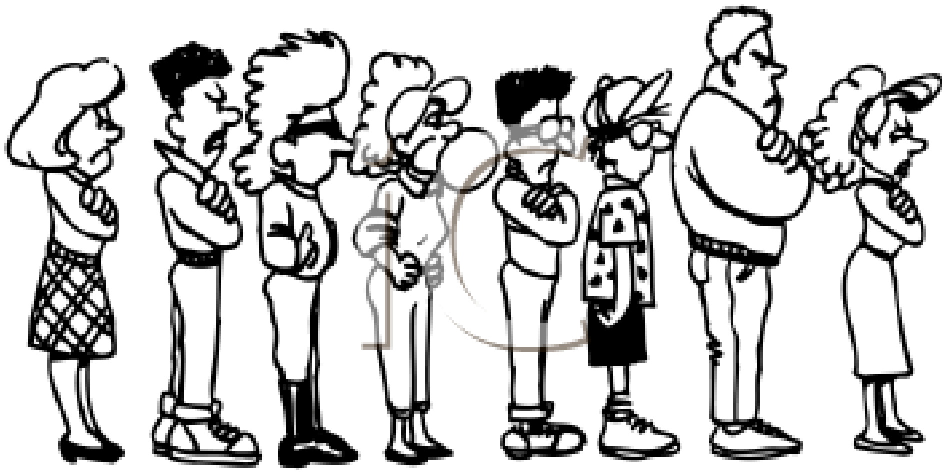
Waiting List Policy



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Examples of Preferences and Priorities

PREFERENCES	PRIORITIES
• Heads of household are enrolled Tribal members. • Tribal member head of household with federally recognized member cohead • Heads of household and children who are members of a federally recognized Tribe	• Income targeting • Creditworthiness • Elderly • Disabled family • Veterans

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Homebuyer Priorities for Selection Sample

Priority #	Priority
1	Families who can achieve mortgage readiness immediately.
2	Families who can achieve mortgage readiness within 1 to 6 months.
3	Families who can achieve mortgage readiness within 7 to 12 months.
4	Families who can achieve mortgage readiness within 13 to 18 months.
5	Families who can achieve mortgage readiness within 19 to 24 months.
6	Families who can achieve mortgage readiness within 25 to 30 months.
7	Families who can achieve mortgage readiness within 31 to 36 months.
8	Families who can achieve mortgage readiness within 37 to 42 months.

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Selection Process

- Applicant completes preliminary application to be determined eligible and placed on waiting list.
- Applications updated annually.
- When unit is available, top two applicants notified and asked to be interviewed.
- Staff verifies applicant information.
- After verification, eligibility confirmed, offer extended, and unit assigned.

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Verification Forms

- Should be comprehensive, but not complicated
- Should ask secondary questions (are expenses reimbursed, etc)
- Should include a "false statement" statement
- Must include a signed authorization for release of information

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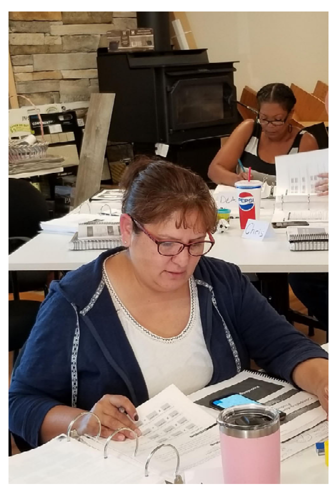
Verification Requirements

- Income, assets and asset income
- Income exclusions
- Allowances and deductions
- Family composition
- Social security numbers
- Income exclusions, if, without that verification, a Recipient would not be able to determine whether the income is to be excluded



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Standard Verification Forms

- Consent to Release Information
- Verification of Employment
- Verification of Income
- Verification of Trust Income
- Verification of Savings
- Verification of Pensions
- Landlord Verification

Obtaining information for verification purposes, requires a signed consent for release of information from the family member whose information is being requested.

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Authorization for Release of Information/ Privacy Act Statement (form HUD-9886)

- All adult family members & spouse must sign
- Can be used between regular re-exams to verify unreported income
- Applicant's certification that income & other information is accurate and complete

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Authorization for Release of Information/ Privacy Act Statement (form HUD-9886)


Authorization for the Release of Information/ Privacy Act Notice

HUD-9886 MAY ONLY BE USED FOR VERIFICATION SOURCES LISTED ON THE FORM

VALID FOR 15 MONTHS FROM DATE OF SIGNATURE

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Section 8: Management and Operations

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You Inherited a New Program – What's the Plan?

- Identify programs
- Establish program goals
- Describe housing assistance type
- Beneficiaries
- Set income limits
- Establish staffing and employment requirements
- Identify special requirements
- Identify multiple funders' requirements
- Train staff

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Management Plan

- Explains how you intend to manage a property day-to-day AND describes the
  - ✓ Properties to be served, location, number
  - ✓ Functions to be performed
  - ✓ Qualifying criteria for admissions and occupancy
  - ✓ Maintenance plan
  - ✓ Charges
  - ✓ Programs offered
  - ✓ Continued occupancy
  - ✓ Collections
  - ✓ Operating budget
  - ✓ Organization of staff
  - ✓ Funding
  - ✓ Fees
  - ✓ Special Requirements
  - ✓ Technology

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Programs Menu Example

PROGRAM	FUNDING	ASSISTANCE TYPE	BENEFICIARIES	INCOME	RESTRICTIONS	TERMS & PAYMENT
Low-Rent Housing	NAHASDA	Rental	CDA Member first priority; other federally recognized Natives 2nd priority	Low to moderate income	Moderate & Over-Income families can't receive the same benefit as Low-Income families	Subsidized; Section 8
MH	NAHASDA	Lease w/Option to Purchase	CDA Members	Low to moderate income	Discontinued	Subsidized; 37 Act
Housing Counseling (HBE; Financial Skills Development; One-on-One)	HUD/ROSS; NAHASDA	Housing Counseling	All	All	HBE: 12 hours of class	Grant
ROSS Elderly-Disabled	HUD	Housing Counseling & Case Management	CDA Members	Low to moderate income	Elders 62 years +; CDTHA residents	Depends on service; Grant (Matching-NAHASDA)
Down Payment Assistance	NAHASDA	Mortgage Assistance	CDA Members	Low to moderate income	—	Conditional Grant
Prequalifying for Mortgage Financing	NAHASDA; General Fund	Homeownership; Rehab	All	All	—	Grant
CDTHA Revolving Loan	General Fund	Home Repairs Improvements	CDTHA Residents first priority; Other CDA Homeowners 2nd priority	Low to moderate income	—	Individualized; Loan
CDT ELDERLY 55 FUND	CDT	Home Repairs Improvements	—	N/A	55+; $10,000 MAX.	Grant
Individual Development Account	ROSS	Asset Building	Home Purchaser	Low to moderate income	$2 to $1	Savings; Conditional Grant
Senior Apartments	NAHASDA	Rental	CDA members by age first priority; other federally recognized Natives 2nd priority	Low to moderate income	70+ = 1st priority; 55 to 70 years = 2nd priority; Moderate & Low-Income families can't receive the same benefit as Low-Income families	Subsidized; Section 8
Weatherization	BPA	Energy Efficiency (education, insulation)	CDA members	County Area low-income	Very low-income; State monitored	Grant

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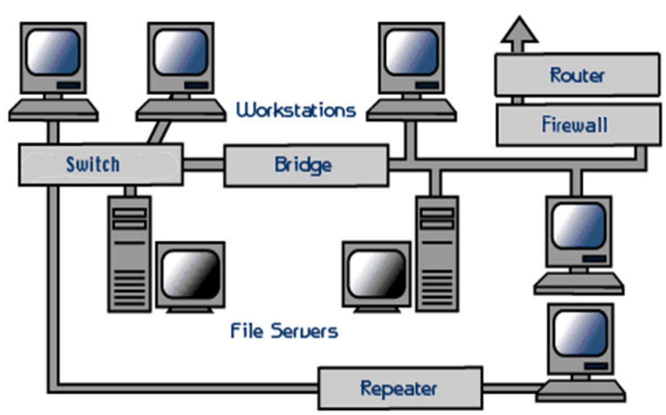
System Requirements

- Trained staff
- Internet access
- Computer network
- Updated technology/security
- Current software
  - Finance software
  - Tenant accounts receivable software
  - Maintenance/work order software
  - Fixed asset software
  - Inventory software



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Collections/Arrears/Evictions

NAHASDA Homebuyers

- 40% of the 54 units pay $74.00 per month (admin fee only)
- 50% pay between $78 - $297 per month
- 10% pay between $340 - $477 per month

SAMPLE

Damage Repairs

Water Damage $18-$22,000 (latest $47,000)

Move-out Maintenance/ Rehabilitation
High $12,995; Low $103
Average 1,905 (over 48 units)

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Collections Arrears Evictions

Low Rent

- Rent non-payments
- Utility non-payments
- 393 households
- 15-20 vacancies
- Over 11 case plans
  - Stipulated Agreements
  - Contract Rider Agreements

Low Rent

- 18% of the 300 occupied units pay $0 rent per month
- 48% pay between $1.00 - $100 per month
- 34% pay between $101 - $425 per month

SAMPLE

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Maintenance Activity: Identify Type of Damage

TDHE or Tenant

TDHE or Tenant

SAMPLE

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Maintenance Activity

Frozen Pipes

Water Damage

SAMPLE

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Expenditures – What Are They?

- Admin
- Maintenance
- Insurance
- Legal
- Project 1 – Rental
- Project 2 – LIHTC
- Project 3 – Homebuyer
- Program – Down Payment Assistance

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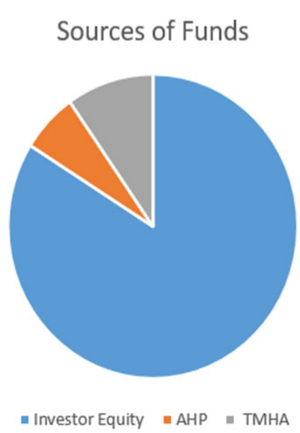
Funding Sources

Financial Snapshot – Development

- Total Development Cost: $11,820,583
- Investor Equity: $9,921,222
- AHP funds: $750,000 - FHLB of Des Moines
- IHBG Financing: $1,149,360
- Developer Fee - $695,000



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Community Involvement

- Staff participation:
  - Youth Sports Coaching
  - District Meetings
  - Cleanup Day
  - Home Fair
  - Alcohol Awareness Relay
  - TEAM community awareness
  - Community Center Support for Youth Activities

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Factors to Consider When Developing Programs

- Overcrowded Units
- Lack of housing
- Affordability
- Housing rehab
- Modernization
- Storage
- Alcohol & Drug issues
- Damaged Units
- Emergency repairs
- Elder needs
- Social programs

- Garbage
- Health and safety
- Land
- Preventative maintenance
- Economic self-sufficiency
- Nonpayment of rents
- Animal control
- Enforcement
- Abandoned Vehicles
- Collections

- Abandonment
- Ongoing repairs
- Maintaining units
- Audits and reporting
- Grant writing
- Homeownership education
- Financial literacy
- Water/sewer facilities
- Operating expenses
- Quality Control

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Section 9: Admissions and Occupancy

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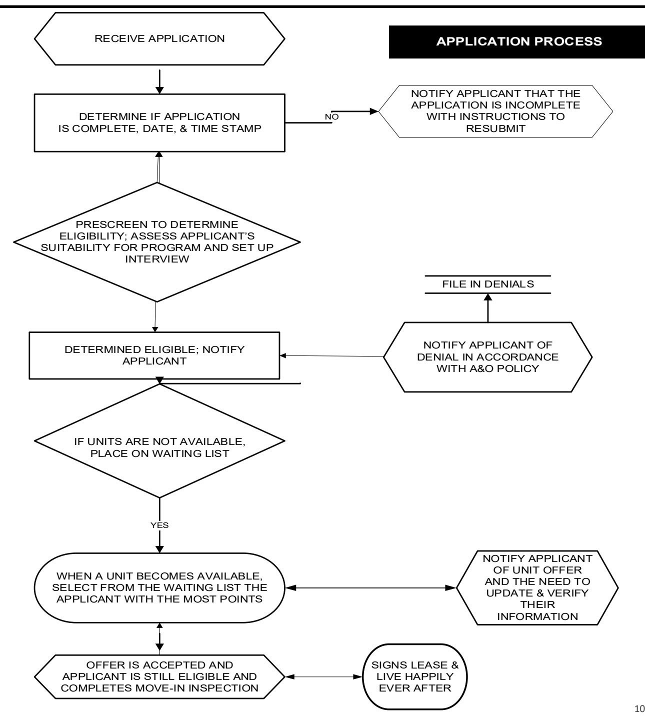
Application Process



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Admission and Occupancy

- Admission and Occupancy policies addresses - eligibility, admission and occupancy standards:
- Eligible participants
  - Low-income Indian families
  - Non-low-income Indian families
  - Essential families
  - Law enforcement officers
- Admission: ensures the participants receive fair treatment.

Admissions & Occupancy Policy Outline

- Application
- Eligibility Criteria
- Preferences
- Income Eligibility
- Ineligibility
- Determining House Payments
- Waiting List
- Verification
- Pre-Selection
- Unit Offers
- Final Selection
- Occupancy
- Housing Counseling
- Lease or Contract Compliance
- Maintenance, inspections, recertification
- Collections
- Termination

Staffing Requirements

- Depends on
  - Scope of project
  - Type of project
    - Rental
    - Homebuyer
  - Location of project
    - Subdivision
    - Scattered

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Duties of A & O Staff

Receive and process	Receive and process applications
Advise	Advise applicants of eligibility requirements
Interview and screen	Interview and screen prospective residents to determine eligibility for housing assistance
Interview	Interview applicants
Verify	Verify applicant information
Determine	Determine eligibility according to policies
Compute	Compute monthly payments

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Duties of A & O Staff

- Conduct re-certifications
- Assist residents with maintenance
- Visit homes to conduct inspections
- Provide housing counseling services
- Meet with Board of Commissioners, or Housing Committee, as required
- Report Tenants Accounts Receivable (TARS)
- Assist tenants with maintenance work orders

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Executive Director/Housing Director

EXECUTIVE DIRECTOR

- Provides leadership and management of the planning, organizing, staffing, direction and control functions of the housing department or TDHE
- Interprets, implements, and administers policies approved by the governing body

HOUSING DIRECTOR/MANAGER

- Administers and monitors all aspects of housing management including
  - planning & development of housing assistance programs
  - comprehensive housing counseling
  - resident relations
  - Compliance
- Ensures a consistent and optimal rental income stream and applicant and resident satisfaction.

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Intake & Occupancy Staff

- Assists applicants and residents in:
  - Obtaining appropriate housing assistance
  - Meeting financial obligations
  - Providing counseling in the pre- and post-occupancy phases
  - Providing formal education classes and one-on-one counseling regarding obligations associated with renting or owning a home.

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Accounting Staff

- Financial Reporting
  - Accounting Director is responsible for providing
    - Budgetary performance of the property
    - Financial reports
    - Assures all charges to property are proper
  - Submits financial reports by 11th business day of the month
  - Explains all major line-item variances
  - Coordinates audits

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Calculating Maximum Payment:

Low-Income

Annual Income − Allowances = Annual Adjusted Income

Annual Adjusted Income ÷ 12 = Monthly Adjusted Income

Monthly Adjusted Income × 30% = Maximum Payment

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Non-Low-Income Rental Payment Requirements

- The rent (including homebuyer payments under a lease purchase agreement) to be paid by a non-low-income family cannot be less than [income of non-low-income family/income of family at 80 percent of median income] × [rental payment of family at 80 percent of median income] but need not exceed the fair market rent or value of the unit.

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Calculating Down Payment Assistance for Non-Low-Income

- Eighty percent of the median income for a family of four in Fairbanks is $75,040
- Down Payment Assistance is capped at $10,000 for a family at 80 percent of median income
- A non-low-income Indian family of fours earns $88,000

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Lease Terms

- Opportunity for due diligence if evicted
- Terminate for only for serious or repeated violations
- May terminate for any activity which threatens health & safety of residents
- No unreasonable terms
- Maintain the housing to code;
- Written notice of termination

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Criminal History: Can You . . .

- Screen applicants for criminal history?
- Pursue eviction for crime committed?
- Test applicants for drug use?
- Disclose applicant's record?

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Questions??

See you tomorrow!

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Section 10: Housing Counseling

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Orientation Topics

- Tenant rights & responsibilities
- Recipient rights & responsibilities
- Transparency
- Q & A
- Explain
  - Work order process
  - Charges
  - Non-compliance
  - Collections
  - Recertification

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Independent Living Orientation

Common Areas

- Includes congregate area (Building #3)
- Open from 8 a.m. to 4 p.m.
- Opened and closed by Seniors Program cooks, Ken Sherwood, or CDTHA custodian staff
- Special occasions for use of common area must be arranged through Ken Sherwood
- Reservations require a $100 deposit and a reservation form showing purpose, number of people, etc.
- Purposes are for seniors only

Parking – 26 Spaces (Required)

- 1 assigned per unit = 20
- 2 staff only
- 4 Older Americans vans & vehicles
- Bus & loading area
- No RVs, semi-trucks
- No parking in the front drop-off area
- Unauthorized vehicles will be towed at owner's expense at minimum of $125 per towing plus storage
- Vehicle registration

Maintenance

- Interior common areas will be cleaned and maintained by CDTHA staff in the morning each day
- Kitchen area will be maintained by Seniors Program
- Exterior of building will be maintained by Tribe Facilities Department
- CDTHA staff will change light bulbs for seniors upon request; the work will be done in the morning or late afternoon. Tenant must provide the light bulbs
- Inspection requirements
- Work orders (tenant damage)

Common areas will be fully accessible to tenants of Sennwichen (their activities come first)

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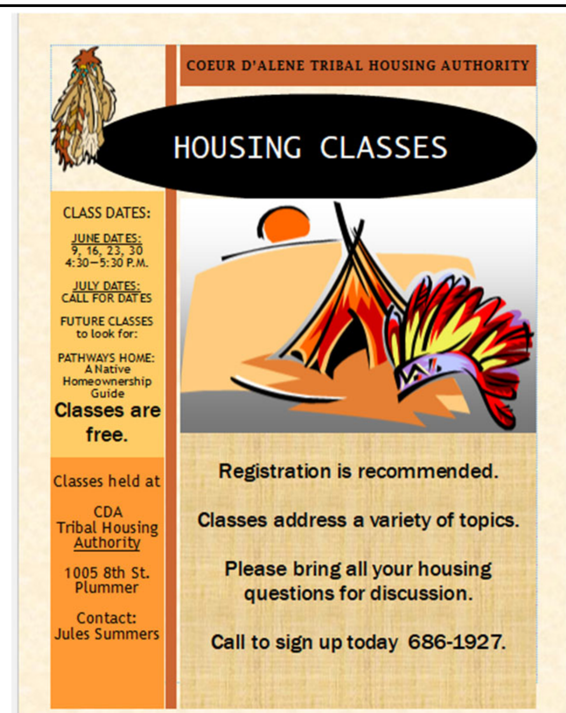
Schedule Housing Counseling Classes



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Various Types of Counseling Programs

- Pre-occupancy
- Pre-purchase
- Credit counseling
- Budget counseling
- Post purchase
- Default counseling
- Advocacy

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One-on-One Counseling Focuses

- Affordability
- Debt
- Credit
- Down payment assistance
- Recognizing predatory lending practices
- Understanding fair lending
- Avoiding foreclosure
- Resolving a financial crisis

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Counseling Barriers

- Slow payment
- Credit issues
- Insufficient income
- High Debt or Slow Payment
- Low savings
- Employment stability
- Trust property

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Budget Counseling Involves . . .

- Short- and long-term goals
- Budgeting - a tool to achieve goals
- Thoroughly explain the budget creation process

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Making Extra Payments Work…

- Extra payments can get you out of debt faster and save you money.
  - Make a commitment (stop borrowing, charging and increasing debt)
  - Determine how munch money you have to repay debts
  - Use power pay
  - Use the roll over method
  - Consider adding lump sums….

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Managing Counseling Files

- Maintaining accurate records of Client activity is required.
- Housing counseling does not always follow a natural progression of events from start to finish.
- A good record-keeping system is the foundation to providing good service to clients.

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TYPE OF FORM	WHEN TO USE
Intake Form	Initial Session
Application	Pre-Occupancy
Pre-Qual Worksheet	Pre-Purchase Counseling Session
Client Action Plan	Initial Session/Return Appointments
Homebuyer Education Class	Homebuyer Education Certificate
Tracking/Budget/Debt Worksheets	Monthly
House Hunting checklist	As Necessary
Home Evaluation Checklist	As Necessary
Wants and Needs Checklist	As Necessary
Application Checklist	Mortgage-ready
Uniform Residential Loan App.	Mortgage-ready
Loan Estimate	Application gage-ready
Sample Purchase Contract	Mortgage-ready
Closing Disclosure	Closing
Evaluation & Comment Form	As Formal Classes are Completed

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Section 11: Maintenance Operations

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What Is Maintenance?

Definition:

- Keeping in an existing state
- Preserving from failure or decline

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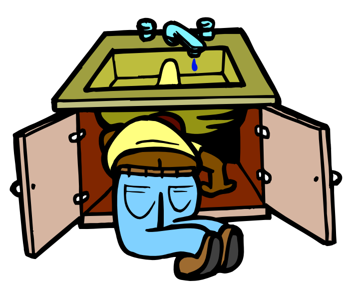
Maintenance Policies

- Important documents that influence your maintenance management policy:
  - NAHASDA
  - Regulations – 24 CFR 1000
  - Dwelling Lease
  - Program Policy
  - Maintenance Policy



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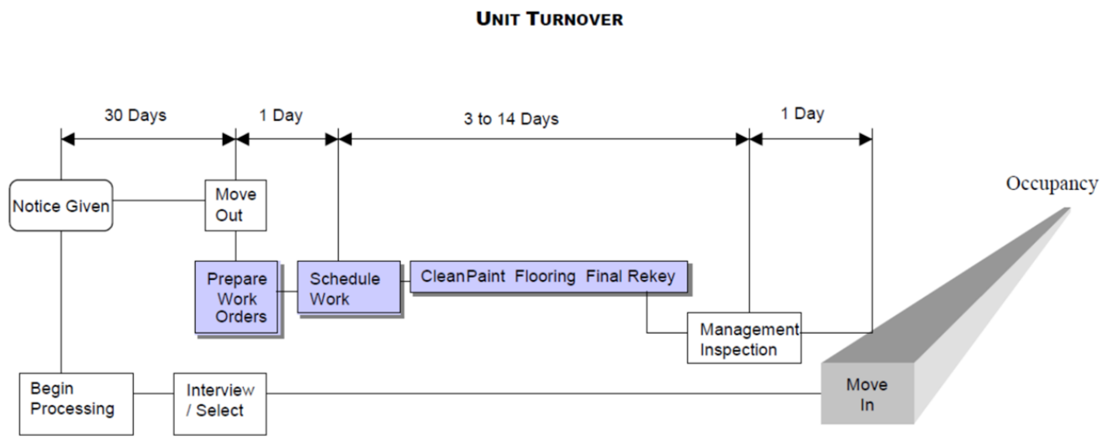
Unit Turnover



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Policy Must Identify Participant Responsibility

Maintenance Type	Homebuyer		Rentals	
	Family	Recipient	Family	Recipient
Routine Maintenance				
Damages (tenant-caused)				
Normal Wear and Tear				
Non-routine Maintenance				
Safety Issues				
Insurance Claims				
Inspections				

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Maintenance Planning

- Compiling a Maintenance Manual
  - Written policies and procedures
  - Delegation of responsibilities
  - Type of maintenance activity and tasks
  - Outlines common problems & solutions
  - Location of as-built drawings
  - Forms, reports, and work orders

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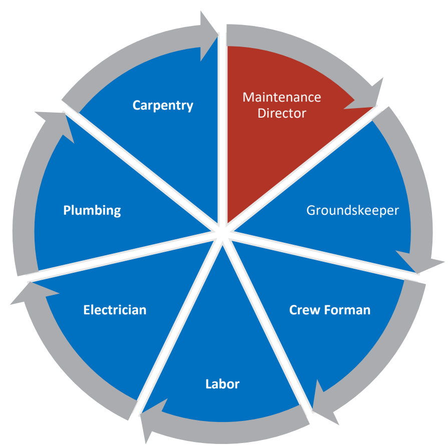
Staffing

Depends on number of units, types, location, property condition, Skilled labor availability



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Budgeting Requirements

- Itemize by
  - Labor
  - Supplies
  - Contract costs
- Always capture
  - Maintenance type
  - Unit type
  - Program type
- Gather Data
  - Routine
  - Non-routine
  - Tenant damage
  - Capital improvements
  - Preventative
  - Environmental upgrades

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Standard Operating Procedures

Develop appropriate:

- Checklists and forms
- Job descriptions
- Subcontractor lists
- Costs data tracking mechanisms

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Purchasing

- Who has authority?
- Purchasing limits w/o approval
- Purchase orders
- Competitive bidding - based on cost, quality, reputation, timeliness, warranties, and guarantees

Inventory* Storage

- Convenient location
- Adequate storage
- Clean, organized & safe
- Label any chemicals
- Limit access
- Sign-out/security system
- Use date codes

***Reconcile each month**

Work Order System

- Code/filing #
- Date of issue
- Date/time of action
- Signature of issuer
- Description of work to be performed or problem to be solved
- Description of equipment necessary
- Charge account #
- Required craft: plumbing, electrical
- Work performed
- Materials used
- Time to complete work
- Date/time start/complete

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Work Order Procedures

- Work Order (W.O.) issued
- W.O. received by maintenance dept.
- Maint. Supervisor reviews and clears W.O.
- Maint. Supervisor assigns W.O. to appropriate staff and sets schedule
- Work is completed
- W.O. returned and recorded

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Work Order Flow Chart

Step 1 – Work Request Originates (Any Source)

- Request for Maintenance Assistance
- Maintenance Inspection Indicates Work Requirement
- Referral for Maintenance Assistance

Work Order Request Prepared & Logged

Reviewed & Authorized for Further Processing

Step 2 – Route by Responsibility

Homebuyer Responsibility

1. Schedule & cost out work
2. Notify participant of cost of work proposed & repayment plan for estimated cost
3. Refer to Housing Management for Maintenance Counseling

Resident Neglect

1. Schedule & cost out work
2. Notify participant of cost of work to be completed, letter explaining resident responsibility for proper maintenance, & work order indicating estimated charges with repayment plan
3. Refer to Housing Management for Maintenance Counseling

Emergency Assistance

1. Check with Finance for contacting Insurance Agency to file claim
2. Schedule & cost out work
3. Notify participant of cost of work proposed & repayment plan for estimated cost
4. Distribute copy to Finance for posting and billing

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Capital Improvements

- Create and maintain inventory of appliances, structures, building systems to launch building renewal plan
- Prepare schedule of items and cost and update annually — Indicate replacements actually made and those remaining
- Project needs and costs over the next 20 year
- Calculate renewal costs and schedule
- Establish a replacement reserve based on findings
- Maintenance Staff
  Maintenance Sta

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10-20 Year Replacement Plan

	10 YEAR		SCHEDULE REPLACEMI		20 YEAR	
	YES	NO	PARTIAL	YES	NO	PARTIAL
APPLIANCES	X			X		
DOORS	X			X		
ELECTRICAL			X			X
FLOORING	X			X		
HVAC		X				X
LOCKS			X	X		
PAINT / EXTERIOR	X			X		
PAINT / INTERIOR	X			X		
PLUMBING / FIXTURE	X			X		
ROOFING		X		X		
SIDING		X				X
SMOKE DETECTORS	X			X		
SPRINKLERS			X			X
WINDOW COVERINGS	X			X		
WINDOWS		X				X
FENCES			X	X		
WATER HEATERS		X		X		
GARBAGE DISPOSAL	X			X		
GARAGE DOORS			X	X		
GARAGE DOOR OPENERS	X					
GUTTERS			X	X		
WASHER / DRYERS			X	X		

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Maintenance Requirements

TYPES:

- Preventive
- Corrective
- Routine/Janitorial
- Emergency
- Cosmetic
- Deferred

- SCHEDULING
- Preventive maintenance
- Annual basis, by month
  - Routine Maintenance
- Monthly basis, by week
  - Daily Maintenance
- Schedule work for the next day

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Tenant Inspection Schedules

Tenant Move-In

1st Quarter – Monthly Inspections
- 1st Inspection
- 2nd Monthly Inspection
- 3rd Monthly Inspection

2nd Quarter – 90 Days
- Is 1st Qtr satisfactory?
- Yes – go to 90-day schedule; inspect in 3 months
- No – remain on monthly inspections
- Is 2nd Qtr inspection satisfactory?
- Yes – go to 180-day schedule

3rd Quarter – 180-Day Schedule
- Inspect in 6 months
- One-year anniversary
- Are 3rd & 4th quarters satisfactory?
- Yes – schedule annual inspections
- No – prescriptive inspection schedule

Annual Inspection

Schedule Inspection

Interior Inspection
- Satisfactory?
- If yes, notify tenant
- If no, notify Maintenance
- Create work order
- Record results

Exterior Inspection
- Satisfactory?
- If yes, notify tenant
- If no, notify Maintenance
- Create work order
- Record results

Interim Inspections

Types
- Health & safety
- Vehicles
- Dogs
- Party / loud
- Exterior condition
- Snow / lawn issues

Process
- Schedule inspection
- Monitor until corrective action
- Prescriptive interim inspections with tenant notification

If No Compliance, Then
- Proceed
- Court
- Involve outside agencies

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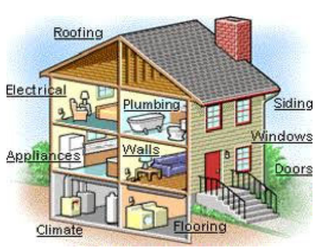
Inspections

- Section 403 (b) compliance "appropriate level"
- Health and safety issues



- To ensure family is in compliance with their lease or agreement

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Property Inspections

- Common areas
- Exterior
- Interior
- Unit
- Curb Appeal

*** Use Standard Forms**

Move-In Inspection

- Both recipient & tenant must be present
- Documents condition of unit and acts as a basis for all future inspections
- The move-out inspection is compared to the move-in inspection – tenant is charged for all damage that is beyond normal wear & tear

Move-Out Condition Checklist

Move-Out Date: ____________ Address: __________________
\# of Keys Issued: __________ Manager / Owner: ___________

AREA	Good	Fair	Poor	Comments
LIVING ROOM				
Walls (paint, holes)				
Floor / carpet				
Ceiling lights, bulbs				
DINING ROOM				
Walls (paint, holes)				
Floor / carpet				
Ceiling lights, bulbs				
KITCHEN				
Walls (paint, holes)				
Floor / carpet				
Ceiling lights, bulbs				
Cabinets, counter tops				
Stove / oven				
Refrigerator				

Move-Out Inspection

- Within 24 hours of tenant moving out.
- Move-Out Inspection compared to Move-In Inspection and prior inspections.
- Maintenance Department determines costs for any repairs
    - Tenant damage
    - Wear and tear
    - Upgrades
    - Etc.

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Monthly Inspections

- Each new tenant must commit to having their home inspected on a monthly basis for the first three months. If no tenant damage occurs and the home is maintained in a healthy and safe manner the tenant graduates to having their home inspected every ***<u>Three Months</u>***

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Exterior Inspection Checklist

Date: ___________ Name: __________________ Staff: ___________ Type: ☐ MH ☐ LR ☐ SR Apt. Location: _________ Unit #: _____

#	Description	Pass	Deficient	Comments
1	Yard is free of debris / trash			
2	Carport is free of debris / trash			
3	Porch (front and rear) is free from clutter / storage			
4	Steps are in proper order and free of trash / debris / storage			
5	Sidewalks are free from hazards			
6	Exterior belongings are stacked in a neat and orderly fashion			
7	Storm doors are clean with screen intact			
8	Siding is clean and free of graffiti / dirt / bugs			
9	Grass / yard is properly maintained			
10	Yard is free of inoperable vehicles and vehicle parts			
11	No visible evidence of parking on lawns			
12	Windows and window screens are in good condition and in place			
13	Other			

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Annual Inspections

- Once the tenant graduates to annual inspection, they remain on annual inspections unless tenant damage or improper housekeeping is noted.
- If tenant damage or improper housekeeping occurs the tenant will be placed on monthly inspections until the problem is cured.

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Risk Management

- Liability - reasonable effort
- Safety - slippery surfaces
- Security - keys, locks, lighting
- Emergency - fire & weather hazards

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Section 12: Collections

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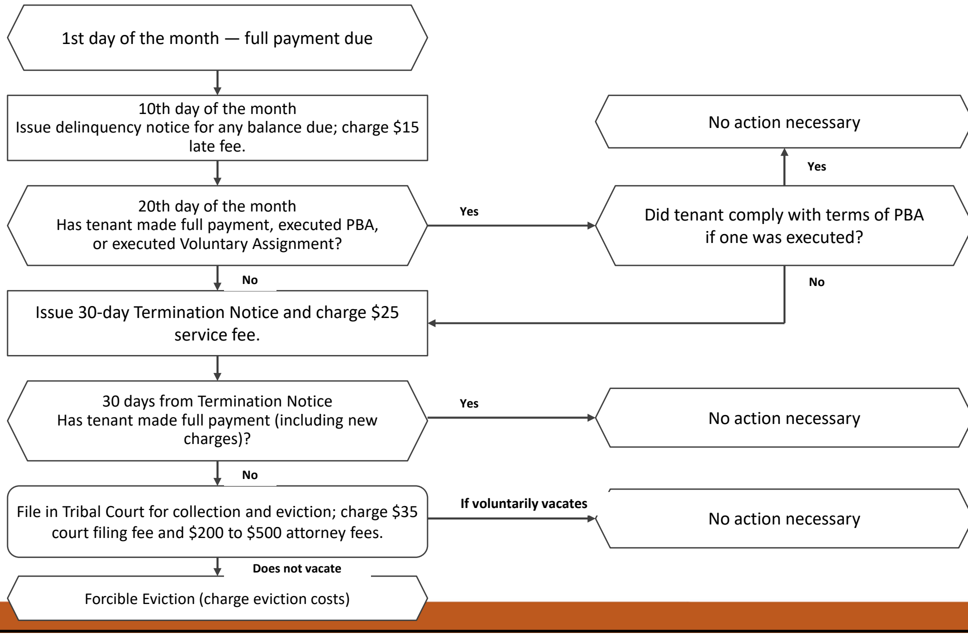
TRIBAL HOUSING AUTHORITY COLLECTION PROCESS



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Collections Recommendations

- Everyone has a role in collections and compliance.
- Everything you do can have an impact on the program’s success.
- Make all the efforts for collection and compliance positive and constructive.
- Monitor Legal Activity – court judgments.
- Monitor Court Activity – Active cases without judgments yet.

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Collection Tips

- Establish ability and willingness to evict.
- Match policies with your practices.
- Follow up.
- Use receipts and remember to say “thank you.”
- Recognize a participant of the month – emphasize positive payment history.
- Aggressively offer job placement services. Promote self-sufficiency.

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Collection Tips

1. Address the toughest cases in monthly staff meetings.
2. Revisit incentives for prompt payment.
3. Communicate with both spouses and other family members, if appropriate.
4. Develop skills in using the appropriate court system.

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Section 13: Managing Mortgage-Driven Lease Purchase

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Why Lease Purchase?

- Helps potential home buyers to save for down payment/closing costs/mortgage and replacement reserve
- Opportunity to train potential home buyers on obligations of homeownership
- Provide homeownership opportunities to nontraditional homebuyers
- Consistent with tradition of Native families owning their own home

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Lease Purchase Programs

- Gets families on the path to homeownership
- Family rents to own the home
- Family may or may not be responsible for maintenance while renting
- Family has the exclusive right to purchase the home at a certain point in time

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Monitoring Mortgage-Driven Lease Purchase

- 20 contracts to monitor
- Housing counseling contact every 30 days
- Option to purchase expiration dates
- Can solve issues of readiness to buy
- Does not solve insufficient income

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Use and Occupancy Agreement

AKA Lease

Term is the length of the Client Action Plan

Address same things as a rental lease

- Grounds for termination
- Minimum rent (can be debt payment plus admin or management fee)
- Inspections

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Use and Occupancy Agreement

- Hybrid of renting and owning
- Maintenance typically by the tenant at own cost
  - But owner can step in to repair and charge the tenant if left unaddressed
- No alterations, paint w/out consent of owner
- All utilities paid by tenant
- Fire & property insurance by owner
- Tenant has NO EQUITY from paying rent

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Restrictions

- Cannot sublease, sell, or convey option to purchase to anyone
- Can allow succession to a family member in the case of death or incapacity
  - Successor must meet the qualifications of the program
- A set lease option period is established in the lease

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Option to Purchase Expires

- The option expires at the end of the lease period if they have not obtained financing
- The rental lease is automatically terminated at the end of the lease period
  - Means they are supposed to move out
  - Takes political will and strong policies
  - Allows someone else to move in, try for lease purchase, or buy

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Policy & Procedures Identifying . . .

- Qualification
- Homebuyer education & Client Action Plan requirements
- Homebuyer responsibilities
- Termination of Option
- Termination of Occupancy Agreement (lease)
- Documents required
- Useful life requirements
- Purchase Price
- Exercise of option

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Homebuyer Education

- Won't be successful without a strong homebuyer education program
- Families need support to repair credit, get mortgage-ready
- Make participation mandatory to continue in the program
- May give credit against purchase price for hours spent in homebuyer education

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Assesses mortgage readiness

Outlines steps to

- Overcoming obstacles to mortgage readiness
- One-on-one counseling requirements
- Tracking personal finances
- Saving for housing goals

Projects date of mortgage readiness

Failure to comply is grounds for termination of the lease agreement and a notice to vacate

Client Action Plan

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Sample Client Action Plan (CAP)

FILE #: 000HUD123	**COUNSELOR:** Rebecca	**CLIENT NAME:** Cheyenne
DATE: January 10, 2018	**PURPOSE OF VISIT:** Financial Counseling	

HOUSING GOALS:
1. Pay off debt in six months
2. Save for a down payment to buy a house in about a year

OBSTACLES:
1. No savings
2. No money left in budget to contribute to down payment fund
3. Credit card debt

FINANCIAL SNAPSHOT:

Current Credit Score	---
Current Savings	$0
Gross Monthly Income (GMI)	$2,500
Net Monthly Income	$2,000
Current Monthly Expenses	$1,975
Monthly Debt Obligations	$358
Discretionary Income Left Over	$25
Current Mortgage/Rent	$150
Housing Ratio	7.5%
Debt-to-Income Ratio	25.4%
Housing & Transportation Ratio (renters)	35%

INCOME SUMMARY:
- Full Time Employment
- Part Time
- Employment
- Self-Employment
- Child Support
- Spouse/Partner Employ
- Pension
- Retirement/Soc Sec
- Other

COUNSELORS ACTIONS/TASKS AND TIME FRAMES:
1. Follow up with Cheyenne to review progress (by February)

CLIENT ACTIONS/TASKS AND TIME FRAMES:
1. Make budget adjustments to save an additional $300/month, using strategies to increase income and reduce spending (beginning immediately)
2. Save tax refund toward fund for down payment (by April)
3. Pay down $300 of credit card debt (by July)
4. Save $5,000 for 5% down payment on $100,000 home (by January 2019)

REFERRALS: 1. Financial Management course – 800-123-SAVE

NEXT APPOINTMENT:

CLIENT SIGNATURE: Cheyenne	**DATE:** January 10, 2018
COUSELOR SIGNATURE: Rebecca	**DATE:** January 10, 2018

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Client Action Plan Process

Initial Intake
- Pre-qualification
- Preliminary assessment
- Calculate affordability
- Identify eligibility for loan program

Implementation
- Agree to the client action plan
- Completion of action plan up to 3-year period
- Complete classes
- Commit to progress
- Participate in counseling sessions

Completion
- Complete final steps of the client action plan
- Establish savings
- Understand responsibilities
- Achieve homeownership readiness
- CONGRATULATIONS!

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Sample Down Payment Assistance Program

Sample Cullowhee Down Payment Assistance Program

Affordable Homeownership Assistance Program		
Program Description 1	• $10,000 of mortgage assistance in the form of a 0% interest rate **soft second mortgage** 2 • Payment is forgivable 20% each year for five years • The prorated balance is due if property is sold, refinanced, foreclosed, not owner-occupied, or title transfers within five years	
Borrower Eligibility	• Must be a first-time homebuyer • Borrower must occupy property as primary residence • Credit score above 620 3 • Household income cannot exceed 100% of the National Median Income Limits adjusted for family size	
Buyer's Maximum Annual Household Income Adjusted for Household Size 4	1	$57,520
	2	$64,710
	3	$71,900

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Sample Down Payment Assistance Program

Property Eligibility 5	• Must be within the tribe's Indian area • Maximum purchase price on new or existing home is based on the loan product limits • Must be single-family detached home, new manufactured home on permanent foundation • Must be owner-occupied primary residence
Homebuyer Education and Housing Counseling Requirements 6	• Must attend an eight-hour homebuyer education class conducted TDHE or a HUD-approved counseling agency prior to closing • Must complete one-on-one counseling as determined by the tribal housing entity or a HUD-approved housing counseling agency
First Mortgage Requirements	• Must have mortgage pre-approval from a participating program lender 7 • Must be a conventional, FHA, or VA 30-year fixed rate loan

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Initiating the Purchase

- Staff initiates as option period approaches purchase date
- Meets with homebuyer, reviews process, and ensures Client Action Plan completion
- Checks credit
- Checks amount for down payment
- Identifies principal, interest, taxes, and insurance using current rates
- Reviews replacement reserve and (if required) mortgage reserve
- Reviews administrative fee/management fee
- Reviews maintenance/repairs/utilities responsibilities and approximate costs
- Reviews budget

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Steps: Sell Property

- Purchase and Sale Agreement with Board Resolution identify terms for purchase and closing, describe property
- Board resolution to authorize conveyance contingent upon closing
- Tribal Council resolution authorizing a fifty (50) year Section 184 Loan Guaranty Residential Lease with borrowers, cancels lease with TDHE, authorizes BIA to execute new lease.
- Tribal Council executes Section 184 lease to be executed simultaneously with Step 3.
- Certificate of Approval from TDHE regarding conveyance
- Cancellation of TDHE interest in lease to be signed at closing (Tribe signs at closing or shortly after closing)
- Bill of Sale signed and dated at closing

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Sale Proceeds

Upon sale, the proceeds flow to the seller

Use depends on how seller financed the development

Pay down the Tribal 184 loan

Pay down any other debt used to build

If IHBG, then is program income

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Is There More to Monitor???

- Oh, yes. When multiple funds are involved, you need to:
  - Submit reports
  - Monitor for program compliance
    - Compliance issues have different terms for different funds
  - Provide post-purchase counseling to
    - Prevent foreclosure
    - Avoid or resolve difficult situations

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Post-Purchase Counseling Capacity

- Maintenance /repairs one-on-one or group counseling
- Need staff to conduct post-purchase counseling credit counseling
- Foreclosure prevention intervention

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Post-Purchase Education Aims to . . .

- Help Native homeowners enhance and build on the money management skills they learned in their pre-purchase homebuyer education courses so they can:
  - Re-set goals
  - Build and protect their financial investment and equity
  - Build necessary savings
  - Budget for homeownership
  - Build and protect credit
  - Maintain insurance
  - Avoid scams, predatory lending
  - Avoid foreclosure
  - Manage recordkeeping

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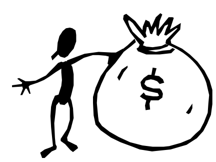
Financial Capacity/$



- Down payment and closing costs to purchase properties
- Subsidies to make properties affordable to target market of homebuyers
- Unrestricted cash balance to cover market changes or rent losses
  - Defined by Fannie Mae to be greater of 10% of PITI for portfolio mortgages for 6 months or total PITI for the largest mortgage for a minimum of six months
- Plan to remarket or improve/market/convert to rental - those properties that initial renters do not purchase

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Biggest Risks…..

- Delinquent rent payments
  - Remember, if there are two or more rent payment delinquencies, could prevent lender's willingness to permit tenant assumption of loan
- Insufficient market
  - Customers - limited customer base - good credit homebuyers with insufficient dp/cc/rr
- Lack of familiarity with mortgage financing
  - Remember, mortgage payments do not fluctuate like low-rent programs. BE SURE FAMILIES ARE PREPARED.

Biggest Risks

- Will the families actually buy the house?
  - The lower the income and the less required up-front, the higher the risks (e.g.. loss of income, lack of incentive to stay)
  - Tenant does not meet required training/ maintenance obligations/sweat equity requirements
  - Experience of existing programs - longer the lease period the higher the risk
- Political climate

Is There Still More to Monitor???

- Oh, yes. You aren't done yet!!!!!
- You need to monitor "Useful Life" requirements if
  - You provided down payment assistance with NAHASDA funds
    - What are the terms?
    - When are the terms satisfied?????
  - Another funder provided assistance, you need to monitor
    - Funders' compliance requirements

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Lunch Break

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Section 14: Financial Planning

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Operating Pro Formas

- Chart of Accounts structure
- Determining a suitable rent structure
- Determining operating expenses & reserves
- Determining supportable debt
- Whether rental or operating subsidy is needed
- Long term projections

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Chart of Accounts

- Lists all of the accounts that are tracked in the general ledger.
- Determine what the required business accounts will be and then define.
- Once you have defined your accounts, then you should assign each account a numeric code.
- Numeric codes help you to identify the account.

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Project Operating Budget and Tracking

- For rental or lease to own projects
- Wise to budget and track separately
  - Each project will have its own trends
  - New housing will have different costs than old
- If using outside funding such as LIHTC or loans, then MUST budget and track separately
  - Funder requirements for costs, reserves
  - Required reporting on income & expense
  - If debt, report on Debt Coverage Ratio

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Key Aspects of a Project Operating Budget

- The key aspects of an affordable housing operating budget are:
  - Affordable rents
  - Other revenues
  - Operating expenses
  - Debt payments
  - Rental assistance or subsidy

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Income

Income:

- **Rents** (paid by tenants)
- **Other income** (laundry, parking, commercial, etc.)

Gross Potential Rent (GPR)

- Rent that *would be* collected if
  - All units are rented and
  - All residents pay their rent

Effective Gross Income (EGI)

- GPR + other income – uncollected rent

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Organizing Operating Budgets – How Much Does It Cost to Operate???

- Costs to run your entire organization
  - May be multiple activities/projects
  - May be charged to multiple funding sources or cost centers
  - Fund accounting

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Common Operating Expenses

Management Staff

- Admissions and occupancy
- Accounting
- Asset management
- Oversight of the above

May be your own staff with time allocated to the project

May all be encompassed in a management fee to a management company

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Reserves for Replacement

Replacement reserves, also known as capital reserves are for replacing project systems at the end of useful life

- Carpet, flooring, water heaters, HVAC units, appliances, exterior paint, roofing

Not for routine maintenance or single-unit replacements

Meant to cover all capital needs for 30 years or more

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Reserves for Replacement

- Deposits made monthly, quarterly or annually
- Commonly $250 per unit per year (PUPY) to $300 PUPY for new construction
- Higher, or based on Capital Needs Assessment for rehab projects
- It is wise to increase the deposits by 3% per year
- Build up over time so the funds are available when needed.

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NOI Also Has to Cover . . .

- Debt service – the cost of borrowing money
  - The loan's interest rate and term affect monthly debt payments
  - Debt payments include principal and interest

Net Operating Income
– <u>Maximum Debt Payment</u>
= Cash Flow

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Uses of Cash Flow

- Cash flow is what's left after paying all operating expenses, reserves, and debt payments
- Also known as program income in NAHASDA funded housing

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Uses of Net Operating Income

Net Operating Income
÷ Debt Coverage Ratio
= Maximum Debt Payment

and

Net Operating Income
– Maximum Debt Payment
= Cash Flow

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Line Items That Can Blow Projections

- Staffing Decisions:
  - Adequate staffing patterns and adequate salaries and benefits
  - Skill levels
  - Providing social services
- Maintenance:
  - Cost of repairs due to poor construction or rehab materials used
- Legal:
  - Cost of eviction
  - Alternatives to eviction

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Line Items That Can Impact Projections

Utilities

- Building style
- Interior space to be lighted, heated, ventilated
- Landscaping
- Utilities paid by owner

Insurance and Taxes

- Special assessments
- Property insurance costs

Debt Coverage Ratio

- Debt Coverage Ratio (DCR) is the ratio of Net Operating Income (NOI) to the required debt payment.
- Provides the lender with a cushion in case income decreases, or expenses increase
- Conventional lenders set minimum DCR requirements, typically 1.15 to 1.20

DCR Example

- The project's annual Net Operating Income is $50,000. The lender's required debt service coverage is 1.20. What is the maximum annual loan payment?

$50,000 ÷ 1.20 = $41,666.67

- How much cash flow is there annually? $50,000 - $41,666 = $8,333
- How much cash flow per month? $8,333 ÷ 12 = $694

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Looking Forward

- Usually 15-to-30-year pro forma period
- Need to trend income & expenses based on best estimate of actual growth
- Ensure:
  - Income is sufficient
  - Margin of safety
  - Project stays in balance
  - Plan for balloon payments
  - Reserves are adequate

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Long Term Projections

Make projections forward

- 15 years
- 30 years
- 50 or 55 years for LIHTC in some states

Build in trends

- Common to assume 2% rent increase
- Common to assume 3% expense increase

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Rental Assistance

- Use IHBG funds to pay the difference between the pro forma rent and the family's TTP
- May be useful approach if the rent is set high enough to cover the operating expenses, and most families can't afford that rent
  - Then rental assistance just goes to the few families who have lower income, or whose income drops
- If using LIHTC, investor will likely require a 15-year contract for IHBG rental assistance

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Operating Support

Use IHBG funds to cover any costs to operate the property that are not covered by the rents

May be useful when it is clear rents will not cover operating expenses

Because all families make too little	Because maximum rents set by the board are low

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Section 15: Setting Rents

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Rent Setting Considerations

- What is the potential rental income?
- How is it restricted by regulatory agreements from funders?
- What can applicants afford?
- What is the expected vacancy or turnover?
- What is the expected rent loss?
- What is the impact of rent increases on residents?

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NAHASDA Rent Requirements

- Rent is calculated based on a maximum of 30% of a family's adjusted gross income
- Known as TTP or total tenant payment
- TDHE's can choose to use a lower percentage

Adjusted Household Income
x 30% (or .30)
= Affordable Rent

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NAHASDA Rent Requirements Example

- The Diesel family has an adjusted gross income of $19,600
- If they rent a house funded with IHBG, how much is the maximum rent they can pay?

$19,600 /12 = $1,633.33 x .3 = $490

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LIHTC Rent Requirements

- Gross rents cannot exceed published amounts for the targeted income level
  - All LIHTC-funded units must be for 60% AMI or less
  - Developers promise lower targeting to be competitive
  - State allocating agencies publish charts of allowable rents for various targeted income levels
- This is a maximum, tenants may pay less

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Utility Allowances

- NAHASDA
  - Choice of whether a utility allowance is deducted from the 30% rent cap or not
- LIHTC, AHP, HOME, Section 8 Voucher
  - Must deduct utility allowance for tenant-paid utilities from allowable gross rent to get maximum net rent

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Section 16: Monitoring

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What Is Self-Monitoring?

Self-monitoring is the process of:

- Recording the operation of a system
- Observing/reviewing activities over the course of a year
- Detecting deficiencies and taking steps to correct them
- Recording/reporting through the Annual Compliance Assessment and Annual Performance Report

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Self-Monitoring Requirements

NAHASDA: Section 403(b), Periodic Monitoring

Not less frequently than **annually**, each recipient **shall review the activities conducted** and housing assisted under this Act to **assess compliance** with the requirements of this Act.

Such review shall include **on-site inspection of housing** to determine compliance with applicable requirements.

The results of each review shall be included in the performance report of the recipient submitted to the Secretary under Section 404 and made available to the public.

24 CFR 1000.502

The recipient is responsible for monitoring grant activities to ensure compliance with the applicable Federal requirements and monitoring performance goals under the IHP.

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Managing Ongoing Monitoring

- Periodic program reports
  - Monthly status reports
  - Financial reports
- Annual Performance Report (APR)
- Audit reports

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Audit

Required when Board spends **$1,000,000** or more in federal funds for the year

↓

Complete within 9 months of program year end

↓

Submit to Federal Audit Clearinghouse (FAC)

↓

TDHE must submit copy to Tribe

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Performance Standards Overview

Day-to-Day Operations

- Performance Standard 1: Occupancy Role
- Performance Standard 2: Rent Collection
- Performance Standard 3: Turnaround Time
- Performance Standard 4: Work Order Systems
- Performance Standard 5: Energy Conservation
- Performance Standard 6: Management Plan

Performance Standards Overview

- **Long-Term Asset Preservation**
  - Performance Standard 7: Replacement Reserves
  - Performance Standard 8: Unit Inspections and Preventive Maintenance
  - Performance Standard 9: Development
  - Performance Standard 10: Disposition and Refinancing
  - Performance Standard 11: Operating Reserves

- **Tenant/Community Relations**
  - Performance Standard 12: Tenant Satisfaction
  - Performance Standard 13: Curb Appeal
  - Performance Standard 14 : Security

Performance Standards Overview

- **Budgeting & Financial Management**
  - o Performance Standard 15: Expenses to Income
  - o Performance Standard 16: Accounts Payable
- **Investor/Regulatory Compliance**
  - o Performance Standard 17: Reporting lo Investors/Lenders/Regulators
  - o Performance Standard 18: Reporting Systems

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Performance Standard 1: Occupancy Rate

This standard represents the average occupancy relative to rental days available.

- The property should meet or exceed the highest of
  - o the industry standard of 95%;
  - o underwriting assumptions; or,
  - o historical performance.
- The waiting list should be reviewed and updated annually.

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Performance Standard 2: Rent Collection

This standard represents the average percentage of the gross potential rent collected excluding delinquencies, late fees and other penalties.

- 90-95% of the tenant portion and 100% collection of subsidies, although for elderly and special needs housing, a ratio of 97% 98% maybe appropriate.

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Performance Standard 3: Turnaround Time

This standard represents the time it takes to clean, repair and find new tenants for vacant apartments.

Turnaround time from move out to move in: less than 10 business days is excellent; 10 to 15 business days is acceptable. In buildings where more than 10% of the units turnover annually, it is especially important to achieve excellence in turnaround time.

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Performance Standard 4: Work Order System

This standard represents the average time that it should take to complete a work order.

- Work orders should be tracked. The following are standards for completion of various types of work orders:
  - Emergency: 24 hours
  - Vacancy Refurbishment: 3 to 15 business days
  - Preventive: within two weeks of schedule
  - Planned: 5 to 10 business days
  - Responses to Routine Items: 3 to 7 business days

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Financial Management Reports

- Pro-formas
- Monthly Operating Statements
- Aging Reports
- Year-to-Date Revenue & Expenditure Report
- Work Order Report
- Collections Report
- Vacancy Report

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Value of Tracking Financial Data

- Establishes a historical database of local actual development cost
  - Per unit
  - Per square foot
  - By building type
- Enables accuracy in projecting operating expenses
- Allows more realistic planning

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Year-to-Date Budget Monitoring

Reflects:

- Budget
- Current Month Expenditure
- Year-To-Date Expenditure
- Balance
- % Expended
- % Completed

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Section 17: Guiding Your Vision for Affordable Housing

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Government Housing Perspective

- Government property management seeks to:
  - Establish an appropriate framework within which to achieve the objectives of the government which includes spending as little as possible to:
    - Meet the most essential need for shelter
    - Educate and empower people
    - Provide a safe and secure environment
    - Design sustainable housing

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Property Management . . .

- Government sponsored housing typically has a more rigid administrative structure (a.k.a. bureaucracy) and is not supposed to generate a profit.
- Little effort to spend money
- Budgetary constraints
- No thought to selling property for profit
- Demolition is usually a budgetary decision

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Management Style

Reactive management

- Short term goal focus rather than long-term
- The objective for property, if one existed, tended to be related to minimizing costs in the short term rather than assessing and enhancing the added value property could bring to the organization

Landlord vesus tenant objectives

- A landlord is concerned with maintaining and enhancing the value of the asset while the tenant is concerned with minimizing the cost of occupancy and obligations.

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Identify the Outcomes of the Project

What do you want the property to look like after it is built?

What do you want the property to look like 10 years after it is built?

What kinds of behavior do you want your tenants to adopt about their housing community?

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Approaches to Property Management

- Ways to accomplish good asset management are:
  - Communicate expectations
  - Monitor strategic issues
  - Measure performance
  - Develop early warning systems

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Watch for Early Warnings of Trouble

- High vacancies or turnover
- Utility cost increase + utility allowance increase can make rents lower
- Increasing maintenance needs & costs
- Financial weakness
- Property deterioration
- Uncollected rents
- Inspection findings

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Questions??

Thank you!!

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