

Alignment Initiative	Issue	Lead Agency	Programs Involved	Proposed Alignment
<b>Physical Inspections</b>	A property that has multiple federal funding sources may be subject to multiple physical inspections using multiple standards.	USDA-RD	USDA-RD, HUD MF, HOME, HUD PIH	<p>Federally-assisted multifamily housing owners are subject to multiple physical inspections as a result of utilizing more than one federal funding stream for property acquisition, repair or rehabilitation, or rental income subsidy, when programs are combined on a property. State-level teams are testing solutions to eliminate duplicative physical inspections at each multifamily property financed with multiple federal funding sources. State, local and federal housing agencies will come to agreement on the use of common inspection criteria, a statistically valid sample size, and an established inspection frequency.</p> <p>Participating States: MI, MN, OH, OR, WA, WI</p>
<b>Income Reporting and Definitions</b>	Various federal programs to support affordable housing have slightly differing requirements for income certifications and require property managers and owners to submit information on different forms or through different processes, which may lead to inconsistencies in determinations of income and rents or administrative burden.	Treasury-IRS	Treasury, HUD MF, PD&R, HUD PIH, USDA-RD	<p>The alignment recommendations reflect an attempt to accommodate the feedback of stakeholders while recognizing the limitations of any proposal that would involve legislative changes. The proposed steps to alignment are the following:</p> <ul style="list-style-type: none"> <li>• Recertification requirements will be modified to ensure that properties are not subject to multiple recertification events in a given year as a consequence of multiple funding sources</li> <li>• Differences in Member Relation Codes across funding programs will be reduced and the team will support the development of common TIC forms (such as NCSHA’s) to align varying definitions of income.</li> <li>• IRS will determine whether State-to-State variability can be reduced consistent with a statute that promotes flexibility for the States in areas such as rounding to the penny vs. the dollar and treatment of individuals within a household who reach the age of majority.</li> </ul>
<b>Financial Reporting</b>	Properties with funding from different federal programs may have to submit duplicative financial statements and have multiple audits prepared according to different audit standards.	USDA-RD and HUD	USDA-RD, HUD MF, REAC	Short-term alignment will involve the adoption of a common exemption threshold for small properties and the sharing of financial reporting documents between HUD and USDA until a standard submission format is adopted. Standardization of the submission format is reserved for long-term alignment.
<b>Common Energy Efficiency Requirements</b>	Federal programs that help produce and preserve rental housing vary widely in terms of their energy-efficiency requirements.	HUD	USDA-RD, HUD OSHC, HUD MF, HUD PIH, HUD CPD	<p>The primary goal of this proposal is to articulate a common baseline for energy efficiency. Given the complexity of the energy efficiency requirements across programs, it is important to note that the proposal articulates a minimum standard and that it does not preclude programs from implementing more rigorous standards. The recommendations for alignment in the proposal follow a five-part framework.</p> <ol style="list-style-type: none"> <li>1. <u>New construction and/or gut rehabilitation with Federal grants:</u> should meet or exceed Energy Star for New Homes, Energy Star for Multifamily High Rise, or Builder’s Challenge</li> <li>2. <u>Other new construction or gut rehabilitation:</u> should meet or</li> </ol>

				<p>exceed IECC or ASHRAE 90.1</p> <ol style="list-style-type: none"> <li>3. <u>Substantial Rehabilitation</u>: recommended implementation of energy improvements based on Capital Needs Assessment that are financially feasible for the property</li> <li>4. <u>Moderate or Other Rehabilitation</u>: at minimum replace systems and appliances as needed with the most energy- and water-efficient options where financially feasible</li> <li>5. <u>Energy Retrofits</u>: water and Energy Conservation Measures that are deemed “cost-effective” for each property</li> </ol>
<b>Appraisal Primer</b>	Federal law indirectly requires the use of the Uniform Standards of Professional Appraisal Practice as the basis for real estate appraisal work; however, federal and state housing agencies’ capabilities and methods for enforcement vary.	HUD-MF	HUD MF, USDA RD	Agencies will support the development of an appraisal primer by the Appraisal Institute through review, technical assistance and training to the extent that resources allow. Publication is expected in fall 2012.
<b>Market Study Standards</b>	There is no national standard of practice for market studies and no broadly acknowledged “keeper” of such standards.	HUD-MF	HUD MF, USDA RD	Given HUD’s recent update of the MAP Guide to include market study standards, action items, resource estimates, and challenges to implementing the proposed solution now primarily involve the issuance of similar guidance by USDA and the provision of technical assistance and training to support the adoption of market study standards by practitioners.
<b>Subsidy Layering Review</b>	The Housing and Economic Recovery Act of 2008 encouraged the federal government to standardize its subsidy layering review processes, but consistency is still lacking.	USDA-RD	USDA-RD, HUD MF, HUD PIH	<p>Almost all federal housing programs have statutory requirements requiring the administering agencies to confirm that, at the time of making a grant or subsidized loan, the total amount of subsidy being provided by public sources does not exceed eligible costs. When developers of affordable housing are awarded multiple sources of public funding, they consequently become subject to multiple subsidy layering reviews, which causes delays and adds costs to projects that are preparing to start construction. State-level teams are testing different strategies for standardizing, and aligning Subsidy Layering Review requirements across agencies.</p> <p>This past September, Michigan State Housing Development Agency (as a low income housing tax credit allocating agency and HOME participating jurisdiction), the USDA Rural Development state director, and the HUD regional administrator for Region V entered into a comprehensive memorandum of understanding to align and share basic underwriting for all jointly funded programs across the state. Since then, Ohio has signed a similar agreement and we expect as many as six additional MOUs to be signed in early 2012.</p>
<b>Capital Needs Assessment</b>	Federal agencies and programs currently have different requirements for what constitutes a valid Capital Needs Assessment.	HUD	HUD MF, USDA RD, HUD PIH	The proposal for Capital Needs Assessment recommends the development of a CNA template tool. TI funds have been requested for development and promulgation of the tool. Once the tool is in place, it will also be supported by training and technical assistance.

<p><b>Improve Data Sharing on Owner Defaults</b></p>	<p>New participants to most HUD and USDA multifamily program must disclose information on any instances of prior noncompliance with agency requirements, including defaults, debarments, and results of physical inspections and management reviews. While an automated system is used to track this information, only HUD staff has direct access to the system.</p>	<p>HUD-MF</p>	<p>HUD-MF</p>	<p>This proposal will be implemented through an update to our existing program and is pending implementation until those updates are in place in 2013.</p>
<p><b>Fair Housing Compliance Enforcement</b></p>	<p>In 1997, HUD and USDA signed a memorandum of understanding (MOU) to cooperate formally in the processing of USDA civil rights cases, joint investigations of civil rights issues, sharing of documents, and cooperation in the conciliation, informal resolution of cases, and the development of sanctions. In 2000, Treasury, HUD, and the Attorney General of the United States signed a Fair Housing Act MOU to improve Fair Housing Act enforcement, educational outreach, and IRS agency guidance addressing significant civil rights concerns in the LIHTC program</p>	<p>HUD-FHEO</p>	<p>HUD-FHEO, USDA-MF, HUD-MF, HUD-PIH, USDA-CRD</p>	<p>The focus of the proposal is to reinvigorate existing Fair Housing MOUs from 1997 and 2000 that outline the obligations for compliance enforcement among the agencies. In the process of doing so, we have already seen improved processes and increased collaboration between HUD, USDA and Treasury in this area and look forward to pushing the initiative further as implementation progresses.</p>

**Index**

- HUD – Department of Housing and Urban Development
- USDA – Department of Agriculture
- RD – Rural Development
- MF –Multifamily
- PIH – Public and Indian Housing
- CPD – Community Planning and Development
- OSHC – Office of Sustainable Housing and Communities
- FHEO – Fair Housing and Equal Opportunity
- CRD –Civil Rights Division