

Office of Affordable Housing Preservation (OAHP)
(formerly OMHAR)

Mission Statement

It is OAHP's mission to continue the successful administration of HUD's Mark-to-Market (M2M) program began under OMHAR, while broadening the application of the program experience and authorities, and utilize the knowledge and skills of our professional staff as a resource to affordable housing program areas within and external to HUD to ensure the long-term optimization and viability of a wide spectrum of affordable housing.

Immediate Mission

It is OAHP's immediate mission is to continue the successful administration of HUD's Mark-to-Market (M2M) program began under OMHAR. The Mark to Market (M2M) program was created by the MAHRA legislation; MAHRA established the goals which have guided M2M to date:

Social:

- Preservation of the affordable housing stock
- Immediate and long-term property physical needs addressed

Economic:

- Reduce subsidized rents to market (Congressional mandate)
- Restructured debt, if necessary to ensure the property's financial integrity

Administrative:

- PAE partnerships, including public entity participation
- Managerial integrity of the properties
- Alignment of owner incentives with HUD interests

Using MAHRA's authorities and tools, OAHP evaluates the subsidy level and preservation worthiness of affordable housing properties, and for those considered viable and preservation worthy, OAHP develops a recapitalization and debt restructuring plan addressing the short- and long-term financial and physical needs of the project.

Expanded Mission:

OAHP is a resource which can apply the broad experience, authorities, and resources of our professional staff as a resource to other HUD and affordable housing program areas to ensure the long-term preservation and viability of a wide spectrum of affordable housing.

OAHP's expanded mission builds on the successful business model and approach OMHAR, and now OAHP, have utilized in implementing M2M. The expanded mission uses the same three-pronged approach as the framework for addressing other preservation opportunities and programs:

Social:

- Preservation of the affordable housing stock
- Protection of tenants

Economic:

- Reduce outlays and risks to the government for affordable housing, balancing short-term and long-term costs and benefits
- Increase operations efficiency and decision-making within affordable properties, and in the government administration of the housing programs

Administrative:

- Leverage a small group of experienced staff, managing and directing internal and external resources, to accomplish large goals efficiently
- Establish a business model that is scalable, flexible, and maximizes use of staff resources

It is broadly agreed that it is less expensive for the taxpayers to preserve affordable housing than it is to create new affordable housing. OAHP actively seeks out preservation activities and programs where our experience and skills might add value or efficiency, whether in policy and program development, analytics and processing, or contractor management and oversight.

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OAHP Management Plan

OAHP has successfully preserved nearly 200,000 units of affordable housing, and saved the Department and the U.S. taxpayers over \$1.5 billion over 6 years. OAHP has achieved these by attracting and retaining top real estate professionals, whose skills are applied to detailed, market-based analyses of each individual property, balanced with a view toward the impact on the portfolio and the Department's goals and objectives.

OAHP has already begun supporting other preservation programs and activities who have similar goals. OAHP has been asked, and currently provides, consultative and support services to other program areas within the Office of Housing (analytics, and policy development), the USDA Rural Housing program (program and procedure creation), and the Veterans Administration transitional housing initiative (analytical support and standards review).

Strategic Planning

In Early 2004, OAHP initiated a comprehensive exploration of affordable housing preservation activities and programs to which OAHP staff, models, and procedures might be of service. Dubbed the Blue Sky Project, the effort began with senior staff compiling a list of all known programs and activities in affordable housing. Based on background and interest, each of the 50 identified preservation opportunities was assigned to a staff person for further research. Over a period of several months, each possible program was analyzed for potential OAHP involvement, including: whether an OAHP role would require a statutory, regulatory, or policy change; whether OAHP involvement would require internal (Departmental, Office of Housing, Multifamily Housing, or other) or external (OMB, Treasury) approval; whether OAHP an OAHP role would be expected to find support or opposition amongst internal and industry stakeholders; the expected level of effort/workload involved with the program, resources required to accomplish the tasks; and; the perceived level of need for the types of assistance OAHP might be able to provide to the respective program area. Based on the opportunities and hurdles identified, the Blue Sky team has narrowed the field to the 10 most promising preservation activities for possible OAHP involvement. After further research, OAHP will discuss a potential role with the respective Agencies, program offices, and directors.

What OAHP currently does and how it operates:

Congress mandated that HUD reduce subsidized rents to market rent levels as Section 8 contracts expire and are renewed. If the debt is not concurrently restructured many mortgages will default; MAHRA created the M2M program to address this crisis. OAHP endeavors to complete the restructuring of a project within 12 months of it entering the OAHP pipeline in order to meet the Congressional mandate, and protect the FHA insurance fund, and to meet the statutory and regulatory requirements of the MAHRA legislation.

OAHP currently operates with a small, strong staff of experienced housing and finance professionals, who manage a number of contractors; OAHP staff provides policy development and guidance,

program direction and oversight, analysis and approval of all transactions, Departmental fiduciary responsibilities, and final appeals from property owners. This model of a small, core staff, managing qualified contractors, has proven an economical, efficient, flexible and responsive means of dealing with some of the challenges facing the affordable housing stock. [With 61 FTEs (54 staff and 7 vacancies), OAHP manages 27 FTE equivalents in contractor support, plus our largest pool of contractors, our PAEs, who have total staff representing approximately 125 FTE equivalents.]

How this strategic vision supports the Office of Housing and HUD goals:

The market-based analyses and rent and debt restructurings completed through the M2M process have long supported, and continue to support, the Office of Housing and HUD's goals of saving rent subsidy money; preserving the existing affordable housing stock in an environment of critical need; and; using sound market and financial principles in the evaluation of the HUD portfolio, and; aligning HUD's interests with the property owners'.

Many OAHP employees and contractors came to OMHAR with years of housing and finance experience. Over the past six years creating and implementing the M2M program, the staff has developed considerable additional skills, expertise, and processes. By leveraging this experience for the benefit of other preservation programs and activities, creating economies and efficiencies, and providing support as needed, OAHP can assist in bringing other program areas closer to these goals.

Through the M2M program OAHP has developed strong working relationships and a positive reputation amongst affordable housing stakeholders inside and outside of HUD, including HUD Multifamily Hubs and Program Centers, industry associations and organizations, property owners, lenders, and property managers, tenants and their advocacy groups, neighborhoods, and municipalities. These relationships will be critical in the further advancement of the Office of Housing and HUD's preservation goals.

What we have now (staff, FTEs, skill sets):

When OAHP was created in October, 2004 as the successor to OMHAR in the administration of M2M, the OAHP staffing plan was developed based upon the absolute minimum number of FTEs required to efficiently and effectively manage the M2M pipeline workload, and with the assumption of significant contractor assistance. OAHP has 61 FTEs, of which 54 are currently filled (a Housing hiring freeze precluded the filling of many positions, and attrition without the ability to rehire has created additional vacancies).