



2018 Annual Southeast Mortgagee Advisory Council  
(SMAC) Conference  
Jacksonville - November 7-8, 2018

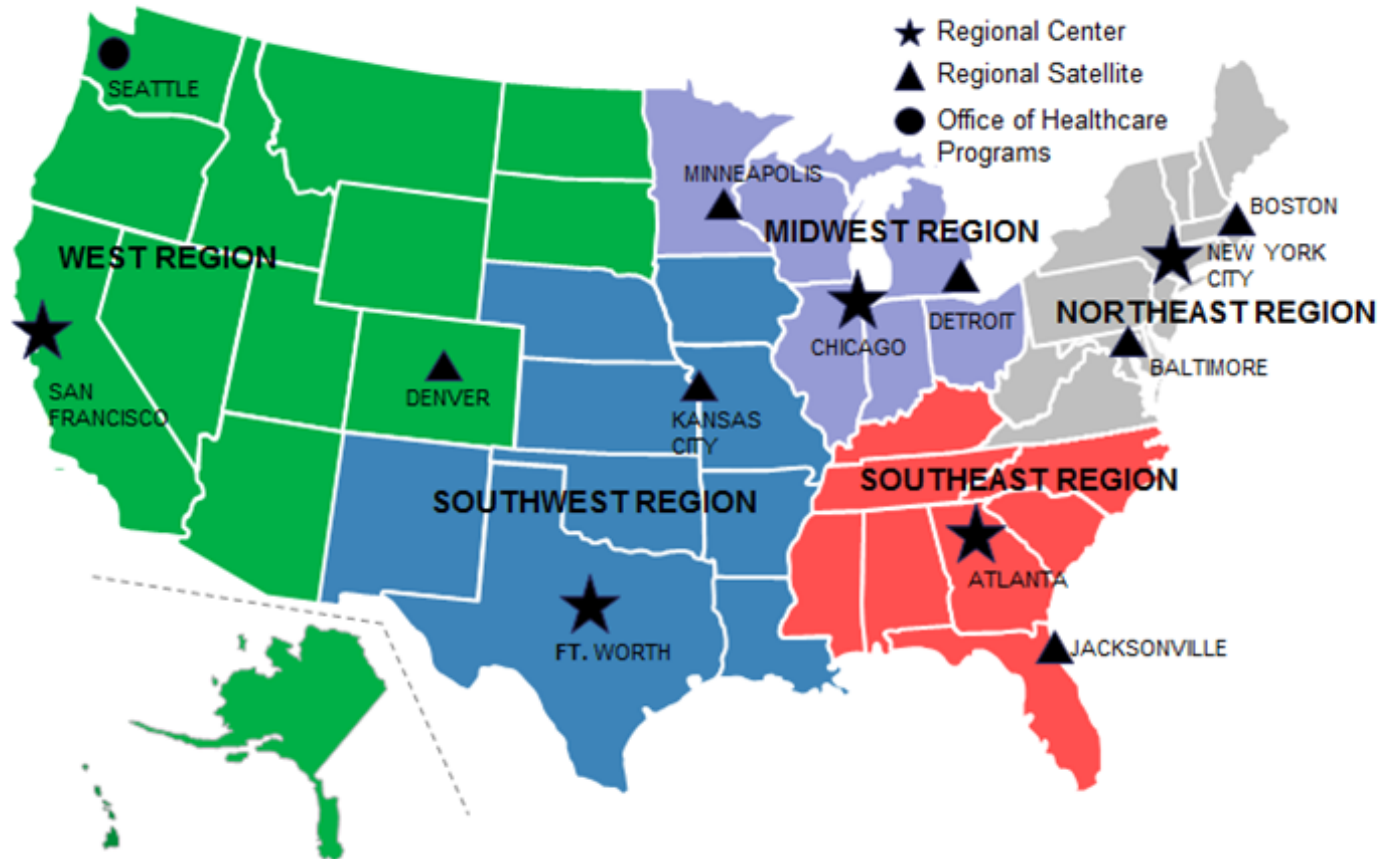
# Production Achievements, Opportunities and Key Market Updates

Ruben J. Brooks  
Regional Center Director  
Multifamily, Southeast Region  
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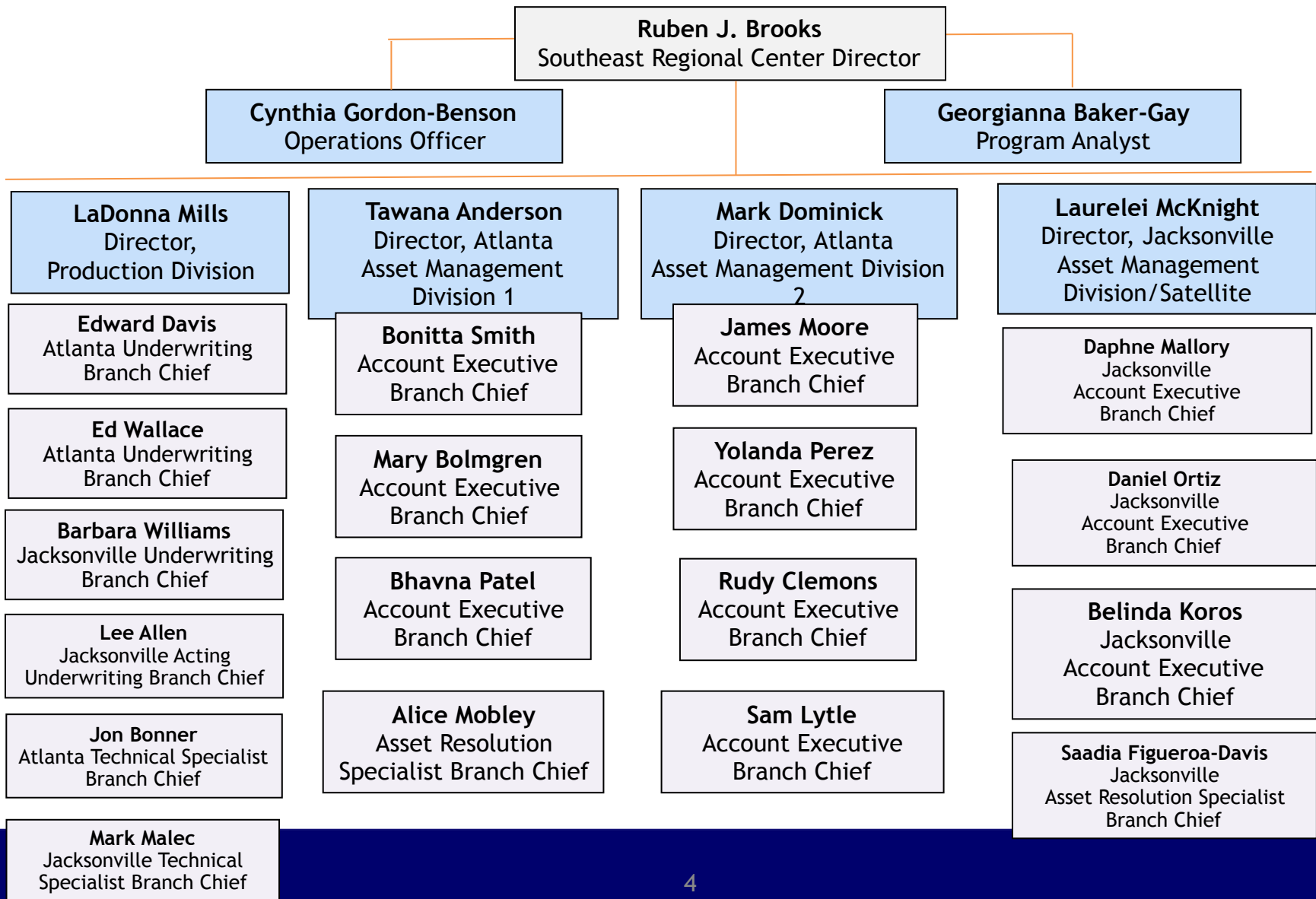
# Objectives

1. Territory
2. Leadership Team
3. Current Staffing vs. MFT Wire-Frame
4. Loan Volume 2018
5. Production Challenges/Opportunities
6. Key Apartment Market Updates

# HUD Southeast Region



# Southeast Region Leadership



# Current Staffing

The “Wire-Frame” is our fully staffed model under FY18 appropriation levels. The final staffing model from Multifamily For Tomorrow (MFT) in 2015 planned for 206 FTEs. The initial wireframe was adjusted downward to reflect actual FY18 appropriations. We are currently -11.7% below those appropriated levels.

	HISTORICAL WIRE-FRAME	CURRENT WIRE-FRAME	% GAP
Start of MFT	206		
FY 2015 Target	201		
FY 2016 Target	195		
FY 2017 Target	188		
<b>Current MF TOTAL</b>	<b>166</b>	<b>188</b>	<b>-11.7%</b>

	CURRENT Staffing 4/1/2018	WIRE-FRAME	WIRE-FRAME to CURRENT % GAP
Production Staff	52	62	-16.1%
Asset Management Staff	108	117	-7.7%
Operations Staff	4	7	-42.9%
Director’s Office	2	2	0.0%
<b>TOTAL</b>	<b>166</b>	<b>188</b>	<b>-11.7%</b>

## 2018 Southeast Region Loans Processed

<b>Firm Invitations</b>			
<b>SOA Category</b>	<b>No. of Loans</b>	<b>No. of Units</b>	<b>Dollar Amount</b>
221(d)(4)	22	4,383	\$601,378,400

<b>Firm Commitments</b>			
<b>SOA Category</b>	<b>No. of Loans</b>	<b>No. of Units</b>	<b>Dollar Amount</b>
221(d)(4)	24	3,599	\$356,330,300
223(f)	32	4,741	\$331,474,500
223(a)(7)	2	354	\$28,170,500
<b>Total</b>	<b>58</b>	<b>8,694</b>	<b>\$715,975,300</b>

<b>Initial Endorsements</b>			
<b>SOA Category</b>	<b>No. of Loans</b>	<b>No. of Units</b>	<b>Dollar Amount</b>
221(d)(4)	70	13,020	\$1,598,714,900
241(a)	2	136	\$15,861,400
<b>Total</b>	<b>72</b>	<b>13,156</b>	<b>\$1,614,576,300</b>

<b>Final Endorsements</b>			
<b>SOA Category</b>	<b>No. of Loans</b>	<b>No. of Units</b>	<b>Dollar Amount</b>
220	1	143	\$27,380,500
221(d)(4)	38	6,634	\$585,526,690
223(f)	102	18,947	\$1,433,930,600
223(a)(7)	14	2,177	\$126,156,800
542(a)	1	48	\$690,000
<b>Total</b>	<b>156</b>	<b>27,949</b>	<b>\$2,173,684,590</b>

# Production Challenges

- Providing timely environmental HEROS reviews.
- Providing timely 2530 reviews.
- Providing weekly processing status updates to Lenders.

# Production Solutions

- HEROS: HUD review appraiser will conduct initial triage/overview of lender's environmental narrative summary and HEROS partners worksheets. This initial screening review should be conducted early within the preapplication stage of processing or direct to firm processing.
- 2530(s): Previously AM had been conducting all 2530 reviews. Now AM will only be responsible for 2530 management agent reviews while Production will conduct 2530 owner and contractor reviews. AM targeted review turnaround time has been shortened from 30 to 20 days.



# Production Solutions Cont.

- Weekly Updates: We recognized a disconnect in communication between the HUD underwriter (UW) and the technical staff. We now require the technical staff to provide HUD UWs with weekly updates so that the UW can in-turn communicate better on a weekly basis with the Lenders. The weekly updates require everyone to recalibrate each week where they are in processing.

Southeast Region Apartment Markets  
Second Quarter FY 2018  
Construction and Building Trends

- Atlanta continued to lead the Southeast Region in the largest number of units under construction with approximately 14,850 units (RealPage, Inc.). The number of units was up from approximately 13,850 a year earlier.
- Charlotte and Orlando followed Atlanta in the number of units under construction, with approximately 10,600 and 8,950 units, respectively.
- Units under construction were also elevated in Miami and Nashville at approximately 7,325 and 7,000 units, respectively.
- Building trends in the region were mixed, with the number of units under construction increasing in some metropolitan areas and falling in others.
- The largest declines in construction occurred in Nashville and Raleigh/Durham where units fell by more than 2,000 units each to 7,000 and 4,125 units, respectively. The largest increase occurred in Jacksonville where units increased

Southeast Region Apartment Markets  
Second Quarter FY 2018  
Tightest Markets and Softest Markets

- Apartment markets in the region were generally balanced to slightly tight. The tightest major markets in the region were Orlando, Knoxville, Fort Myers/Naples, and Miami, with vacancy rates of 3.4, 3.6, 3.7, and 3.7 percent, respectively, but each of the areas has a relatively large number of units under construction for the size of the area.
- Softest markets include Jackson, Birmingham, Columbia and Lexington with vacancy rates of 7.0%, 6.4%, 6.3% and 6.3%, respectively.

Southeast Region Apartment Markets  
Second Quarter FY 2018  
Annual Absorption

- Annual absorption was relatively stable or increasing in many metropolitan areas of the region, with the largest spikes in Miami and Fort Lauderdale where 6,450 and 5,300 units were absorbed. The significant increase was likely partly a result of continuing recovery from hurricane damage.
- Annual absorption fell by more than 2,000 units in Greensboro/Winston-Salem to 1,175 units.

Southeast Region Apartment Markets  
Second Quarter FY 2018  
Rent Growth

- Rent growth throughout the region remained above average for the respective areas. Orlando had 8-percent average rent growth in the past year, the highest in the region. Most metropolitan areas in the region had rent growth in the 3-to-6 percent range.
- The highest rents in the region were in Florida markets; Miami, Fort Lauderdale, and West Palm Beach averaged \$1,583, \$1,546, and \$1,529, respectively, up from \$1,506, \$1,491, and \$1,478 a year earlier.



**Thank you!**