

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT



17th Annual SMAC Conference **Southeast Region** **April 10 - 12, 2018**



Multifamily Production - 40 Marietta Street, 12th Floor, Atlanta, GA 30303 1



CONCEPT MEETINGS



Southeast Region Concept Meeting

States within Jurisdiction

SOUTHEAST REGIONAL OFFICE

Georgia

- North Carolina
- Kentucky
- South Carolina
- Tennessee
- Puerto Rico

- All RAD and LIHTC Pilots come to the Atlanta Office regardless of the state

JACKSONVILLE SATELLITE OFFICE

Florida

- Alabama
- Mississippi

Southeast Region Concept Meeting Contacts

Southeast Regional Office

Danny L. Gordon

Underwriter Analyst

**U.S. Dept. of Housing & Urban
Development**

40 Marietta Street, 12th floor

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Jacksonville Satellite Office

Thelma A. Robinson

Housing Program Assistant

**U.S. Dept. of Housing & Urban
Development**

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Southeast Region Concept Meeting Contacts

Atlanta Regional Office

Karen Fortin

Underwriter Analyst

**U.S. Dept. of Housing & Urban
Development**

40 Marietta Street, 12th floor

Atlanta, Georgia 30303

Karen.M.Fortin@hud.gov

678 732-2263



Concept Meeting Call-In Numbers

Southeast Regional Office

1-877-336-1839

Access Code

**provided with meeting
invitation**

Jacksonville Satellite Office

1-888-675-2535

Access Code

**provided with meeting
invitation**



Southeast Region Concept Packages Processed 2017

137

Concept Meeting Summary: Fiscal Year 2017

State Breakdown

	<u>221(d)(4)</u>	<u>223(f)</u>	<u>241(a)</u>
Alabama	4	2	
Florida	25	8	
Georgia	13	7	
Kentucky	2	2	
Mississippi	4	1	
N. Carolina	24	7	2
Puerto Rico	1	1	
S. Carolina	8	6	
Tennessee	12	8	
Totals	93	42	2 = 137





Southeast Region Concept Packages Processed 2018

294

Concept Meeting Summary: Fiscal Year 2018

State Breakdown

	<u>221(d)(4)</u>	<u>223(f)</u>	<u>241(a)</u>
Alabama	16	10	
Florida	61	13	1
Georgia	42	10	2
Kentucky	5	4	
Mississippi	9	4	
N. Carolina	40	7	2
Puerto Rico	0	2	
S. Carolina	13	2	1
Tennessee	49	1	
Totals	235	53	6 = 294

Scheduling Concept Meetings

- Concept Meetings may be held in person or by conference call.**
- Lender must contact the Division Director's Underwriter Analyst in Atlanta or Program Assistant in Jacksonville via email directly to facilitate the scheduling of a meeting according to states within jurisdiction.**
- Unless specifically requested or due to heavy scheduling, meetings are generally not scheduled more than 2 weeks past the date of initial contact from Lender.**

Scheduling Concept Meetings

(continuation)

- Regular concept meeting times are on Tuesday and Thursday, with Wednesday being an overflow day beginning from 10:00 a.m. to 2:00 p.m. EST.**
- HUD will make every attempt to accommodate the request for a concept meeting.**



Concept Package Submission

The lender must submit 2 Concept Meeting Packages and 1 CD/Flash Drive with a request to schedule a Concept Meeting. Also, the package should address the following questions...



Concept Package Submission

- 1. Are there any wetlands on site? If so, how many acres?**
- 2. What is the flood zone designation?**
- 3. Is there a floodway in the area or on the site? If so, provide an aerial map with the project boundary overlay.**



Concept Package Submission

- 4. Does the concept package contain a detailed site map? If not, please submit a site map prior to the meeting.**
- 5. Are there any other environmental review concerns to be discussed? If so, please explain.**



New Construction, Substantial Rehabilitation and Refinance Programs

Lender submissions for a Concept Meeting should address the following items to the extent possible at this stage

Construction/Substantial Rehabilitation Proposals:

- **Section of the Act**
- **Number of market rate and affordable units**
- **Projected mortgage amount**
- **Basic information on developer and principals**
- **Management Company**
- **General contractor**
- **Previous HUD experience**
- **Geographic location with map**
- **Photographs of the subject and immediate surroundings**
- **Site improvements (existing/proposed)**

Refinance or Acquisition Proposals:

- **Section of the Act**
- **Number of market rate and affordable units**
- **Projected mortgage amount**
- **Mortgage term and estimated remaining economic life**
- **Refinance or acquisition**
- **Basic information on developer and principals**
- **Management Company**
- **Previous HUD experience**
- **Geographic location with map**
- **Photographs of the subject and immediate surroundings**
- **Environmental issues**

New Construction, Substantial Rehabilitation and Refinance Programs (continued)

- **Construction/Substantial Rehabilitation Proposals**
- **Commercial component – discuss potential residents**
- **Amenities**
- **Community/city/state support**
- **Green/sustainability issues**
- **Development status (e.g., have any permits/approvals been obtained?)**
- **Discuss general market conditions, competitive properties and comparables**
- **Environmental issues**
- **Actual/potential risks and mitigating factors**
- **Any anticipated waiver requests**
- **Additionally, the completed Form HUD-92013 should be submitted**
- **Refinance or Acquisition Proposals:**
- **Actual and effective property age/class**
- **Physical condition (a PCNA is not required for the concept meeting)**
- **Prior/proposed renovations (per unit cost)**
- **Discuss eligibility for Section 223(f) versus substantial rehabilitation**
- **Amenities**
- **Existing debt/cash out**
- **Current occupancy (physical/economic)**
- **Income and expenses**
- **Discuss green/sustainability issues as appropriate**
- **Discuss general market conditions, competitive properties and comparables**

BUILDING THE HUD TEAM



Concept Meeting Assignment Process

Underwriting & Technical Team

**Underwriter Analyst
Karen Fortin/
Danny Gordon**



**Branch Chief Underwriting
Technical Branch Chief**

**Property Geographic Location
Type of Deal 221(d)(4)
etc.**

Economic Market Analysis Division

Field Director/Lead Economist



EMAD Economist Assignment

Asset Management

Linda Magee



Branch Chief of Asset Management



Assigned Asset Management Account Executive

Who Should Participate in A Concept Meeting?

Lenders should participate in a concept meeting with the Regional Center or Satellite Office prior to application submission for the following reason:

- **Concerns about marketability, environmental issues, competing proposals or for particularly complex financing structure or projects with significant cash out or other unusual risk factors.**

Concept Meeting

New Construction and Substantial Rehabilitation 221(d)(4) NC/SR

- Concept meetings (or conference calls) with the Multifamily Regional Center or Satellite Office are required for market rate new construction or substantial rehabilitation transactions (unless waived by the Regional Director).**
- Lenders may submit applications for market rate deals without a concept meeting. However, the application fee will be considered “earned” at acceptance of the application for processing and will not be refunded if the application is rejected or not approved under terms acceptable to the lender and borrower.**

Concept Meeting

New Construction and Substantial Rehabilitation 221(d)(4) NC/SR (continuation)

Lenders should only consider submitting market rate deals without a concept meeting for the following reasons:

- The project is in a strong market.**
- There are no environmental issues and the lender, borrower, and development team members have previous positive experience with FHA Multifamily financing.**

Refinance Applications Section 223(f) and 223(a)(7)

- ❑ Concept meetings (or conference calls) with the Multifamily Regional Center or Satellite Office are optional and generally not needed for refinancing transactions.**
- ❑ Concept meetings are recommended for projects in volatile markets, large loan requests, questions about the scope of repairs, if there are concerns about marketability, environmental issues, competing proposals, for projects with significant cash out, or if there are other unusual risk factors.**

Concept Meeting Response

HUD will respond by written letter or by email within 5 business days of the concept meeting.

- Consideration will be given as to the effect on other insured projects in the subject's market area that are in the pipeline or already in HUD's portfolio.**
- Based on the preliminary information submitted, HUD may encourage an application submission but not approve it after review of the actual application.**

Encouragement Notification

HUD's recommendation should indicate the following:

- The application should be submitted but only after certain suggested changes are made to the application package; or**
- The application should be submitted as presented barring any drastic changes to design, market, etc.**
- The written response to the concept meeting does not represent a commitment from HUD nor that a letter of invitation will be issued.**

Productive Concept Meeting



Discourage Notification

A discourage email will be specific and include significant deficiencies identified at the concept meeting with the following recommendation.

- Application should not be submitted and/or a recommendation that the application be submitted under a different HUD Program.**

Poor Concept Meeting



Concept Meeting Appeal

Lenders have the right to appeal HUD decisions regarding the issuance of an Invitation for Firm Application or Firm Commitment with which they do not agree. However, there is no appeal process for the concept meeting recommendation.

Concept Meeting Application Submission Time

Encouragement emails are good for 120 days and may be extended on a case by case basis.



Thank You



QUESTIONS ANSWERS

U.S. Department of Housing and Urban Development

