

Special Focus: Asset & Property Management

Buchwalter to the rescue:

Consultant helps owners of HUD-assisted housing

By Bendix Anderson

What's the owner of an affordable housing project to do when an inspector from the Department of Housing and Urban Development (HUD) gives his property a score of less than 60 on a physical inspection and automatically forwards the case to HUD's dreaded enforcement division? Call a consultant like David Buchwalter.

Buchwalter is the president of AdCar Associates, based in New York City. Since founding the company in 1995, Buchwalter and his partners have consulted on more than 1,000 separate affordable housing properties, mostly projects subsidized under Sec. 8. The work ranges from applying for market surveys and budget-based rent increases to negotiating the renewal of an affordable housing project's Sec. 8 contract.

But since HUD announced in January that all projects receiving a score of less than 60 on their 100-point physical condition assessment will be referred immediately to HUD's Departmental Enforcement Center, Buchwalter has spent an increasing amount of his energy helping owners prepare for – and, if necessary, appeal – inspections by HUD's Real Estate Assessment Center (REAC).

Low-scoring property owners face civil penalties and may even be thrown out of their programs. But worse, as the penalties for a bad inspection become harsher, the inspection process is becoming more rigid. HUD inspectors now enter all information on a property into handheld computers numerically, leaving no room for explanations.

"I like the old way," Buchwalter said. "The inspector basically had a blank sheet of paper."

The new system is meant to take subjectivity out of the inspection process. But it can also remove common sense. One property lost points because a gargoyle worked into the masonry of its front wall had a chipped nose.

In such cases, "we have to acknowledge that a deficiency exists



David Buchwalter, president of AdCar Associates, and his client, Virginia M. Gallagher, managing agent for the Pilot Cove Manor Housing Development Fund, Inc. (Photo: Bendix Anderson)

– but that that owners aren't going to do anything about because it makes no sense to do anything about it," Buchwalter said.

In other cases, Buchwalter has helped owners repair projects that are genuinely distressed. "I have no problem telling a client that HUD is right," he said.

Buchwalter warns his clients to focus on HUD's inspection protocols in preparing for an inspection. Many owners waste time polishing the floors of their lobby when they should be inside their units, checking for problems. "Know the rules and make sure someone who knows the rules is accompanying the inspector," Buchwalter said.

In some cases, Buchwalter's role is to help clients find a way to anticipate future problems and improve their projects. Virginia M. Gallagher developed Pilot Cove Manor 22

years ago, and for many of those years she has relied on Buchwalter's advice.

Buchwalter helped Gallagher, the managing agent for the Pilot Cove Manor Housing Development Fund, Inc., extract \$800,000 from the reserve receipts that were saved and invested over the years at Pilot Cove Manor.

The successful Sec. 202 seniors project, which is set in a small boating community on City Island in the Bronx, has an elevator that does not work when power from the mainland is lost. The reserve funds covered the cost of a power generator to keep the elevator working at all times, and also paid for the addition of a computer center.

Before starting AdCar, Buchwalter worked for HUD for 26 years. For 11 years, he was the chief of loan management in HUD's New York office, where he inspected many properties himself.

Buchwalter's team also includes other persons with decades of experience in dealing with HUD: a former affordable housing property owner, a former regulator/compliance officer for Citibank, and a former inspector for the city's housing agencies.

"I can't think of anyone more knowledgeable," said Nicholas LaPorte, executive director of the New York Affordable Housing Management Association (New York AHMA). ■

To find a consultant in your area, ask for a recommendation from your local affordable housing management association. Contact information is available at www.nahma.org.