

# Pacific Currents



## Multifamily Housing News

U.S. Department of Housing & Urban Development — San Francisco Multifamily Hub

**Hawaii**

**Northern California**

**Nevada**

**Arizona**

Volume 5, Issue 1

April 2002

### HEADS-UP FOR CONTRACT ADMINISTRATORS

HUD Headquarters recently reminded all Section 8 contract administrators (non-PBCA as well as PBCA) that they are required to review 100% of Section 8 vouchers every month. Part of this review is to assure that current 59 data have been entered in TRACS for at least 85% % of the vouchered units. Once a voucher has been approved for payment, the contract administrator is to transmit the approved voucher to TRACS; this function cannot be delegated to the property owners, but the contract administrator can pay a service bureau to transmit the approved voucher on its behalf.

At some future date, HUD will begin to assess penalties against contract administrators that are paying vouchers without performing the required review.

## SUPERNOFA

On March 26, 2002, the Super Notice of Funding Availability (SuperNOFA) was published in the Federal Register. Multifamily Housing programs covered in this year's SuperNOFA are:

San Francisco Hub Section 202 Supportive Housing for the Elderly, up to \$485.6 million grant funding available, see chart (at the end of this article) for the distribution. Applications due June 5, 2002. This program provides supportive housing for very low-income persons 62 years of age or older. Eligible applicants are private nonprofit organizations and nonprofit consumer cooperatives. Eligible activities are new construction, rehabilitation, or acquisition of housing with or without rehabilitation.

Section 811 Supportive Housing for Persons with Disabilities, up to \$117.5 million in grant funding available, see chart below for San Francisco Hub distribution. Applications due June 5, 2002. This program provides funding for supportive housing for very low-income persons with disabilities who are at least 18 years old. Additionally, organizations receiving funds must assure that an array of community support services are identified and available. Nonprofit organizations that have a section 501(c)(3) tax exemption from the Internal Revenue Service are eligible applicants.

On Wednesday April 24, 2002, at 9:30 a.m. a workshop for interested applicants to explain the Section 202 and 811 programs will be held in the Arizona Room on the 2nd floor, 450 Golden Gate Avenue, San Francisco, CA. Call Cindi Tsai at (415) 436-6605 to confirm attendance.

Service Coordinators in Multifamily Housing, up to \$25 million in grant funding available. Applications due July 3, 2002. The Service Coordinator program allows multifamily housing owners to assist elderly individuals and people with disabilities living in HUD-assisted housing and in

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the surrounding area to obtain needed supportive services from the community, in order to enable them to continue living as independently as possible in their own homes. There is no maximum grant amount. To be eligible for funding, an applicant must be the owner of a development assisted under the Section 202, existing project-based Section 8 and moderate rehabilitation developments, Section 221(d)(3), and Section 236 developments. The development must have frail or at-risk elderly residents and/or non-elderly residents with disabilities who together total at least 25 percent of the building's residents and were designed for the elderly or persons with disabilities and continue to operate as such. Funds are not awarded through the rating and ranking process. Instead, HUD will hold one national lottery for all approvable applications.

Assisted Living Conversion Program for Eligible Multifamily Projects, up to \$93 million in grant funding available. The San Francisco Multifamily Hub has received an allocation of \$4,549,855. Applications are due July 3, 2002. This program is designed to provide grants for the conversion of some or all of the dwelling units in an eligible project into assisted living facilities (ALFs) for frail elderly persons.

If you are planning to apply for more than one program in the SuperNOFA, you need only submit one original SF-424 and a set of assurances and certifications, accompanied by the HUD-424M. You may then send copies of these standard items with any additional application you submit. However, you should be sure to specify the correct program on each copy of the SF-424 application form and indicate the program to which you have submitted the original signature forms for the standard assurances and certifications. The Program Section of the SuperNOFA may require additional forms; certifications, assurances, etc., for the particular program area.

This year's SuperNOFA does not include the Multifamily Housing Drug Elimination Grant Program or the New Approach to Safe Neighborhoods Grant Program.

There are other changes this year as well. The Department has implemented new security procedures that apply to application submission. This year no hand deliveries will be accepted. Applications must be sent by U.S. Postal Service and postmarked on or before midnight of their due date and received within 15 days of the due date. All mailed applications must have a Certificate of Mailing (USPS Form 3817) as their documentary evidence that the application was filed on time.

For the latest information on the 2002 SuperNOFA, to immediately download information on the SuperNOFA, or to order information online, please see <http://www.hud.gov/grants>. Our Customer Services Representatives are also available to take your orders and answer your questions. Please call 1-800-483-8929, TTY 1-800-483-2209, between the hours of 9:00 a.m. and 8:00 p.m. EDT.

**Fiscal Year 2002 Allocations for Supportive Housing for the Elderly  
[Fiscal Year 2002 Section 202 Allocations]**

		METROPOLITAN		NONMETRO		TOTALS	
	OFFICES	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE	UNITS	CAPITAL ADVANCE
<b>San Francisco Hub:</b>							
	San Francisco	189	21,226,464	12	1,214,906	201	22,441,370
	Honolulu (Guam)	20	3,581,856	5	895,464	25	4,477,320
	Phoenix	64	4,365,093	10	694,269	74	5,059,362
	Sacramento	63	5,634,521	11	998,142	74	6,632,663

**Fiscal Year 2002 Allocations for Supportive Housing for Persons with Disabilities  
[Fiscal Year 2002 Section 811 Allocations]**

	Capital Advance Authority	Units
<b>San Francisco Hub:</b>		
San Francisco	4,469,565	43
Honolulu (Guam)	1,711,728	10
Phoenix	1,513,446	23
	1,643,154	19

## ASSET MANAGEMENT NEWS

### AHMA-NCN HAS A NEW PRESIDENT!

Wilma G. Wilson was elected President of the Association of Housing Management Agents of Northern California & Nevada (AHMA-NCN) at the annual meeting held on December 7, 2001. Wilma has served as an AHMA Board Member since 1995 and has held a variety of positions with AHMA during the last six years. She also brings with her 20 years of experience in the housing industry, both in affordable and conventional housing.

Prior to her current position with Eugene Burger Management Corporation, Ms. Wilson worked for a national real estate syndications firm in the Washington, D.C., area, and later moved to the Los Angeles area to join Lincoln Property Company. She joined FPI Management when she moved to the Sacramento area where he was responsible for the accounting staff and the department for government program compliance.

Wilma looks forward to teaming up with Camella Patton, AHMA's new Executive Director to forge ahead with AHMA's core values and ongoing mission: to provide quality technical and professional development education for agents, owners, staff, residents, and to interface actively with all housing regulatory agencies and legislators in addressing relevant housing issues.

### INSURANCE PREMIUMS PAYMENTS

In accordance with HUD regulations and administrative procedures, owners of multifamily insured, HUD-Held, and Section 202/811 properties are required to maintain adequate and continuous insurance coverage. Some owners contend that they are not able to pay insurance premiums due to recent increases in insurance costs. The increase in insurance rates appears to be recurring and is expected to increase an additional 20 percent in 2002. Although industry experts predicted a rate increase of about 10 to 25 percent prior to the events of September 11th, some localities may experience additional premium increases due to losses suffered within the insurance industry as a result of the terrorist attacks.

Accordingly, if an owner does not have adequate funds to pay the insurance premium, funds may be withdrawn from the residual receipts account to cover these costs. If the funds in the residual receipts account are not sufficient, an owner may borrow funds from the reserve for replacement account; however, the terms of this transaction must be a loan with repayment within one year. (See HUD Handbook 4350.1, Chapter 4, paragraphs 4-28 and 4-29.)

If you need additional information regarding this guidance, please contact your Desk Officer.

### Hub Lines . . .

- ⇒ **We make a living by what we get, but we make a life by what we give.** — Norman Maceswan
- ⇒ **It is better to light one candle than curse the darkness.** — CHINESE PROVERB
- ⇒ **A warm smile is the universal language of kindness.** — William Arthur Ward
- ⇒ **Say little and do much.** — SHAMMAI
- ⇒ **It is not enough to stare up the steps, we must step up the stairs.** — V. Havel
- ⇒ **Be the change you want to see in the world.** — Mohandas K. Gandhi
- ⇒ **Only you can help the sun rise each coming morning** — Joan Baez

### San Francisco

## MULTIFAMILY HUB

### INDUSTRY MEETING

The next HUD property management industry meeting will be held July 18, 2002, at 10:00 a.m., on the 2nd floor, in the California and Nevada Rooms, 450 Golden Gate Avenue, San Francisco.

If you have any topics you would like to see on the agenda, please contact Betty Wang at (415) 436-8465.



## Grand Openings

### Convenant Housing II, Tucson

This 79 unit senior complex located in Tucson celebrated two special events September 14, 2001, the addition of 40 units and the opening of their second Neighborhood Network Center. Guest speakers and special guests for the dual celebration included representatives from the non-profit owner, the management agent, city government and the Arizona State Office of HUD.

This second Neighborhood Network Center is located in the spacious new multipurpose room and has four computer stations. A board member along with a resident contributed to the growth of the new center by each donating a computer. The self-motivated can-do residents use both facilities 24 hours a day.

### Lemon Grove Apartments, Phoenix

Lemon Grove Apartments, an 84 unit senior complex in Phoenix, celebrated the grand opening of its Neighborhood Network Center on October 11, 2001. The center was started with the purchase of two computers and a color printer. The residents donated another computer and a printer.

One of the visually impaired residents was invited by the Center for the Blind to attend free computer training. This resident was so impressed that she arranged a training program using the specialized software she had purchased and donated to the Center. The software known as "Talking Typer" trains visually impaired students to operate the computer by voice control.

This is just one of many success stories shared by the Lemon Grove residents. Seniors have been able to locate friends and family members who had not heard from them in decades.



### President Abraham Lincoln Manor II



From left to right: Ray Gee, Executive Director of Housing, Eskaton; Conrad Montgomery, Planning Director, El Dorado County Planning Department; Ed Bent, President of the Board, President Abraham Lincoln Manor II; Bill Bolton, Field Office Director, HUD Sacramento; John Breaux, President of Eskaton; Carl Borelli, Member, El Dorado County Board of Supervisors

The groundbreaking ceremony for President Abraham Lincoln Manor II was held Monday, March 18, 2002. This is a 45 unit addition to an existing 55 unit project sponsored by Eskaton Properties, Inc. This project will go a long way in providing affordable housing to the over 100 people on the waiting list.

The development of this project overcame several major obstacles. First the County of El Dorado had instituted a moratorium on housing development in 1999. After many meetings with county officials, Eskaton was able to get the project exempted. Secondly, it was found that development fees were averaging out to \$16,000 per unit. With the help of Mr. Carl Borelli, a representative on the El Dorado Board of Supervisor, Eskaton was able to convince the county and the El Dorado Irrigation District to reduce fees so that project could move forward.

### Helemano Village

By Roy D. Hickman,  
SUPERVISORY PROJECT MANAGER

On February 28<sup>th</sup> Rod Dickson, Project Manager for Helemano Village; Barbara Cox, Project Manager; and Dave Hickman, Supervisory Project Manager from the Honolulu HUD MF Program Center visited Helemano Plantation Village. They presented the non-profit owner with a Certificate of Appreciation for their superior effort in enhancing programs and facilities for their tenants, pupils and community.



## Grand Openings



First Row: Ann Higa, Suzanne Cheung, Yvonne DeLuna of Helemano Plantation. Second Row, Left to Right: Barbara Cox, Dave Hickman, Rod Dickson, HUD Personnel

Helemano Village is an attractive 202, Section 8 project, for the developmentally disabled. It is located in the pineapple fields of central Oahu, Hawaii (approximately 35 minutes drive from the Waikiki resort area). It is owned and managed by ORI (Opportunities for the Retarded, Inc.) of Wahiawa, Hawaii, which was founded in 1980. This eight-acre project consists of 12 units of housing for the developmentally disabled, training facilities for the vocational and developmental training of tenants and local residents, a Neighborhood Network Computer Center, and a business venture called Helemano Plantation. Helemano Plantation has a restaurant, two gift shops, and a bakeshop that serves the general public and offers the unique opportunity for persons with developmental disabilities to participate in on-site job training. The Helemano complex also has a garden that produces fruits and vegetables. Also present on site is a small aquaculture facility raising Sunfish. Helemano Plantation also currently provides regular vocational training in the areas of food service, agriculture, custodial work, computers, caregivers for the disabled, hospitality and recreational services to over 100 developmentally disabled and 100 senior citizens from the surrounding local communities. Quarterly Health fairs draw as many as 1000 participants.

ORI will be expanding its services within the next two years. ORI will acquire an adjacent 40 acres of land from Castle & Cooke, Inc. to develop a comprehensive project which will incorporate the following components: an elder day care and health/wellness center, a vocational/learning center, an ADA accessible recreational camp facility, housing for the elderly and/or disabled, diversified agriculture, and other support services. An "Ohana" country market will be developed where local agricultural produce and jams and jellies harvested and produced by the developmentally disabled and seniors will be sold to the public. Current and future operations are interrelated and designed to co-exist and support each other. Services are targeted for the elderly, persons with disabilities, youth, the economically disadvan-

taged, and the public at large.

ORI and Helemano Plantation are located at 64-1510 Kamehameha Highway next to the Dole Plantation outside the small plantation town of Wahiawa and is open daily from 8:00 am to 4:30 pm.

If you wish to contact ORI or Helemano Plantation on their current programs or future plans, or just to visit, contact Ms. Ann Higa, Chief Operating Officer at 808.622.3929 or email her at [helemano@hula.net](mailto:helemano@hula.net). Additional information can also be found at their website at [www.helemano.org](http://www.helemano.org).

### CPLC Villas, Phoenix

On March 1, 2002, a community gathering was held to build a playground. Volunteers from Home Depot, the Sheriff's Department, and the community worked together to build the playground with Drug Elimination Grant funds. CPLC Villas Apartments did a great job organizing the event. The Site Manager of Barrio Nuevo, Rita, coordinated the events throughout the day. This is a good example of how drug elimination funds can make improvements in the community. The residents were out in force and contributed most of the labor.



### Important! TRACSMail!

Questions or TRACSMail Ids and Passwords can be obtained by calling 1-800-685-8470, by emailing to: [mfhc@aspensys.com](mailto:mfhc@aspensys.com) or sending a completed Registration form via fax to 1-301-519-6655. Property managers who are unable to obtain TRACSMail IDs and passwords from Aspen in a timely manner or whose TRACSMail ID or password is rejected by TRACS and Aspen has been unable to resolve the problem may send an e-mail to HUD's TRACSMail Analyst/Coordinator, Carolyn Byars, at the following e-mail address: [cbyars@hud.gov](mailto:cbyars@hud.gov).

The TRACS Hotline is still responsible for resetting TRACSMail passwords. The hotline's phone number is 1-800-767-7588.



## Western Multifamily Lenders Conference

### Over 60 Mortgage Companies Participate

Over 160 participants from FHA mortgage companies, support contractors, and HUD staff gathered for the Third Annual Western Multifamily Lenders Conference on April 10-11 in Las Vegas, Nevada. The conference, sponsored by the Denver, Los Angeles, San Francisco, and Seattle Multifamily Hub offices, was the best attended and most successful to date. The conference provided a forum for interaction and exchange of information between Multifamily Lenders and HUD.

Presenters from the Multifamily real estate industry, State government, and HUD staff conducted workshops on topics that included: Managing the Interface between the Lender and HUD, Market Studies and Review, and Decoupling of Interest Reduction Payments for Section 236 Loans.

The keynote speaker, Eric Stevenson, Director for Policy, MF Housing Development at HUD, updated the participants on the rapid growth of projects underwritten through Multifamily Accelerated Processing (MAP). Mike McCullough, Director, Office of Multifamily Housing Development, provided an overview by teleconference of the growing role that FHA mortgage insurance plays in underwriting loans to the healthcare industry under Section 232 and answered questions from the participants.

In addition to the Western Lenders Conference, HUD staff from the Western Multifamily Hubs conducted on April 8 and 9, in Las Vegas, training sessions for underwriters and technical specialists from private lenders on requirements of the MAP program. The purpose was to broaden the number of underwriters and third party firms that can successfully prepare applications and reports used to write business under MAP, the program designed to speed endorsement of loans insured by FHA.



**Pat Patterson, San Francisco Hub Chief Underwriter moderates the Lenders Conference**

#### HUD Sponsored Training For Lender Staff And Third Party Contractors

The two days prior to the Lender's Conference, HUD staff from the four participating HUD offices provided technical training on various MAP subjects. Included was an overview of the MAP guide and a discussion of valuation, architecture and engineering, mortgage credit, asset management and closing.

### Third Annual Western MF Lenders Conference Agenda

#### Wednesday, April 10

- ⇒ Welcome & Overview: John Patterson, HUD, Chief Underwriter
- ⇒ MAP: Interface between Lenders and HUD
- ⇒ Market Study Review: Jim Coil, HUD Economist
- ⇒ 236 IRP Decoupling: Stephen Wallace & Courtland Wilson, HUD Headquarters
- ⇒ Tax Credit/Subsidy Layering/Bond Financing: Cameron Eldridge, HUD Portland Program Center Director
- ⇒ Nursing Homes/Health Care Facilities: Stuart Hartman & Mike McCullough, HUD Headquarters

#### Thursday, April 11

- ⇒ Appraiser Feedback and Discussion: Robert Katz & Pam Parker
- ⇒ Mortgage Credit Feedback and Discussion: Thelma Herndon, James Sam and Sandy King
- ⇒ HUD Web Focus Group: Cynthia A. O'Connor and Dorothy Matthews, Renee Greeman Coordinator
- ⇒ Environmental/Historic Preservation: Robert Katz and Justina Walls
- ⇒ Loan Closing Issues Discussion: Steve Ringold & Cameron Eldredge
- ⇒ A&E Construction and A&E Cost Feedback and Discussion: Mike Peeler
- ⇒ Do's & Don'ts of Underwriting, Jim Tye, MAP Team Leader Phoenix Multifamily Program Center
- ⇒ Asset Management Issues, Steve Langstaff, Supervisory Project Manager & Cameron Eldredge, Director, Multifamily Housing Program Center
- ⇒ Close Out



## Multifamily Production Spotlight

### Sundial Senior Lodge, Modesto, California



**T**he Sundial Senior Lodge is located at 808 McHenry Avenue, Modesto, CA. For sixty years, the lodge was the place where celebrities including Marilyn Monroe, Clint Eastwood, Eleanor Roosevelt and Ronald Reagan once dined in the 40's and 50's when it offered a grand hotel and restaurant of timeless elegance located in Modesto, CA. The reputation of world-class service grew until Sundial Lodge became a celebrated landmark. Today the tradition continues, with a blend of heritage, modern elegance and unsurpassed service in a unique assisted living environment.

The building, originally built in 1938, served generations of clients and was sold in 1998 to a San Francisco developer who converted it into an assisted living facility for senior citizens. Some of the senior residents include those with dementia and Alzheimer's disease.

It took 11 months and \$8.5 million to refurbish the Modesto landmark into an upscale assisted living facility. Most units have a private bath and shower. The Mansion, the owner's living quarters was also converted into 3 apartment units and a library. Many apartments have balconies looking out on mature trees, shrubs and lush lawns. Every apartment has an emergency response system. Three meals are served daily in the historic dining room.

When Sundial Lodge opened its remodeled doors to visitors on March 12, 2001, dozens and dozens of longtime patrons of the former Sundial Lodge and restaurant jumped at the chance to tour the new assisted-care facility. They were impressed with the makeover, the quality of the work and selection of materials.

**Project/Location:**  
Sundial Senior Lodge  
Modesto, CA

**Description:**  
65 Units

**Size of Project:**  
38,910 gross sq. ft.

**Unit Size:**  
27 studios  
5 one bdrm  
9 two bdrm  
19 deluxe two bdrm

**Status:**  
Construction Completed  
April 2001

**Sponsor:**  
Sundial Senior Care

**Mortgagor:**  
Red Mortgage Capitol,  
Inc.

**Architect:**  
KodamaDiseno

**Contractor:**  
Mauldin-Dorfmeier  
Constr., Inc.

**Funding Source:**  
HUD Sec 232:  
\$7,543,000



## Civil Money Penalties

HUD recently released its final regulation broadening its authority to impose fines in connection to multifamily project operations. The final regulation appears in the December 6 Federal Register and will apply to violations that occur on or after January 7, 2002. Among the changes is a clarification on the Department's ability to penalize parties for failure to comply with HUD management standards. The regulation allows HUD to impose the monetary penalties on owners, general partners, or a management agent, in certain circumstances. The regulation included an exception for Section 8 owners from the penalties where the material cause of the violation is the failure of HUD, a HUD agent, or a PHA to comply with an existing agreement.

*Reprinted with permission from GAHSA "News Front"*

## Former Owner of HUD Property Convicted

The former owner of three HUD properties, including one in the East Bay, was sentenced in U. S. District Court recently after pleading guilty to money laundering, mail fraud, conspiracy to defraud the United States, making a false statement to HUD, and to aiding and abetting. The owner submitted false invoices, tenant records, financial records, and other documents at all three projects, causing HUD to send him monthly housing subsidies and to release reserve funds which were to be used for major maintenance on the project. He then converted the funds to his own personal benefit. The owner was sentenced to 18 months incarceration; three years supervised release; ordered to make restitution of \$1,406,255; a court order fine of \$500,000; and a special assessment of \$400.

## Multifamily Hub News Staff

Multifamily Hub Director—Janet Browder  
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The Multifamily Hub News is distributed to Hub clients as well as other interested parties. This newsletter is also published online at:

<http://www.hud.gov/local/sfc/mfamily/mfnews/news1.htm>

Comments may be directed to Christine Day at (415) 436-8476 or [Christine\\_J.\\_Day@HUD.GOV](mailto:Christine_J._Day@HUD.GOV)

## Screening and Eviction for Drug Abuse and Other Criminal Activity

As many of you may know, on March 27, the U. S. Supreme Court ruled to uphold regulations that allow federal housing officials to evict an entire household if even one member is arrested for a drug violation. The policy allows that a family can be evicted regardless of whether they had prior knowledge of the offender's drug activities. The ruling applies to guests visiting the household as well.

This ruling supports the final rule on Screening and Eviction for Drug Abuse and Other Criminal Activity that was published in the Federal Register on May 24, 2001 and became effective June 25, 2001. This applies to Section 8 housing (Private, Public and Voucher Programs), Section 236, 221-d3, 202, and 811 as well as Public Housing. The provisions here also apply to Rural Development (Farmers Home) Section 514 and 515 housing programs.

HUD published this rule to implement the applicant screening and tenant eviction procedures to make HUD-assisted housing a safer place to live. The PHA's and State Housing Finance agencies have been implemented by HUD to provide the owners with background checks, and information. Owners may also use private providers such as National Credit Reporting at <http://www.ncrcredit.com> or 1-800-441-1661 x 123, and National Tenant Network at <http://www.ntnnet.com> or 1-800-800-5602. Other sources include: National Crime Information Center (NCIC) - Department of Justice/Federal Bureau of Investigation at <http://www.oip.usdoj.gov/nij>; California Sex Offender Information - Megan's Law - California Dept. of Justice Office at 1-900-448-3000 or <http://caag.state.ca.us/megan/content/cmrid.htm>; and Megan's Law - Frequently Asked Questions at <http://caag.state.ca.us/megan/fag.htm>.

To assist property managers who are looking for a Housing Authority to do screening for drug abuse and other criminal activities, the Hub has provided a link to a Public Housing search engine in its internet homepage. Property managers should go to the Hub's homepage at <http://www.hud.gov/local/sfc/mfamily/sfchsg1.html> and click on "Information of Interest to Property Owners & Management Agents." On the next page they should click on "Housing Authorities Which May Screen for Drug Abuse & Other Criminal Activities," and they will be taken to the search engine which is maintained by HUD's Headquarters.



450 Golden Gate Ave, San Francisco, CA 94102 (415) 436-6579



## **Reminders**

### **Ownership Changes**

As you know, when changes to a project's Board of Directors occur, HUD staff is to be notified. Traditionally, the makeup of a Board of Directors changes every one or two years. At that time, a new Previous Participation Certification, HUD-2530, listing all current Board members and their social security numbers, should be submitted to your local HUD office for review and approval. This information is necessary so that we may keep our systems updated and assure that correspondence is addressed to the proper parties.

### **Mark-up-to-Budget for Capital Needs**

Nonprofit owners of partially subsidized projects should take note of HUD's Budget-Based Rent Increase for Capital Needs program when renewing their Section 8 contracts. It allows Section 8 rent increases up to market without severely affecting the unsubsidized tenants. Justification for such an increase includes:

- Capital needs, including debt financing.
- Recapitalize the replacement reserve escrow.
- Provide a 6 percent return on initial equity as computed on Form HUD-2580, Maximum Insurable Mortgage, limited to those activities that carry out the entity's nonprofit purpose.

A nonprofit owner must provide the following information to support a mark-up to market rent increase: 1) the proposed budget, 2) a Comprehensive Needs Assessment (CNA), 3) A financial plan for funding the repair, replacement, and major maintenance needs of the project, 4) an estimate of the initial deposit to the replacement reserve and estimated monthly deposit to the reserves for the next 10 years.

Please refer to the Section 8 Renewal Policy Guide for additional information concerning this program. The guide can be found at <http://www.hud.gov/offices/hsg/mfh/exp/guide/s8guide.cfm>

### **Service Coordinator Program**

#### ***Grant/Contract Extensions***

On February 4, 2002, HUD issued a memorandum to all HUD offices concerning extensions for Service Coordinator Contracts and Grants expiring in Fiscal Year 2002. The FY 2002 Appropriations Act provides funds to extend Service Coordinator (and Congregate Housing Services Program) contracts/grants for one year. There is approximately \$25 million available for this purpose.

Whenever financially feasible, Service Coordinators should be funded through the use of the budget-based rent increase process, residual receipts, or excess income. The budget-based approach is preferable to grant funding and should be done in all cases when possible. However, in those situations where the addition of a service coordinator through the budget process would be an undue burden for residents, extension requests should be submitted for existing service coordinator grants/contracts. HUD cannot guarantee that every eligible extension request submitted will be funded, although funding should be available to meet a great majority of the need.

Extension requests are approved for a 12-month period only. Owners should submit extension requests no later than 90 days prior to the date existing funds will be exhausted (not the grant term end date). The amount of new funds requested should not exceed 5 percent over the current year. Increases in excess of 5 percent may be requested to cover critical administrative expenses.

## NEW OPERATING COST ADJUSTMENT FACTORS PUBLISHED

New Operating Cost Adjustment Factors (OCAF) were published in the Federal Register on February 11, which was also the effective date of the new Factors.

All contracts that have a renewal or rent adjustment effective date on or after February 11, 2002, may use the OCAF's published. Contract renewals and rent adjustments with effective dates prior to February 11, 2002, must use the OCAF's published in the Federal register with an effective date of January 10, 2001.

The OCAF's will not be published on a fiscal year basis as they have been in the past. However, the published OCAF's will continue to be good for a full 12-month period. This policy may necessitate some reprocessing of contracts or rent adjustments with effective dates after February 11. Should reprocessing be needed, Field Office staff, as well as contract administrators, will need to identify those cases and reprocess without the owners having to submit a new OCAF worksheet.

In the future, it is HUD's intent to publish the OCAF's so that they will become effective at the same time every year. Ideally, this would be done so that the OCAF's are published prior to the effective date.

## ISSUANCES

- ⇒ H 2002-01 - Extension of the Teacher Next Door (TND) Initiative
- ⇒ PDR-2002-01 - Estimated Median Family Incomes for FY 2002
- ⇒ PDR-2002-02 - Transmittal of Fiscal Year (FY) 2002 Income Limits for the Public Housing and Section 8 Programs
- ⇒ PDR-2002-03 - Transmittal of Fiscal Year (FY) 2002 Income Limits for the Section 221(d)(3) BMIR, Section 235, and Section 236 Programs
- ⇒ Transmittal Handbook No. 2000.04 REV-2 CHG-1, Consolidated Audit Guide for Audits of HUD Programs.
- ⇒ Federal Register, February 11, 2002, Notice of Certain Operating Cost Adjustment Factors for Fiscal Year 2002
- ⇒ Federal Register, March 26, 2002, Super Notice of Funding Availability (SuperNOFA) for HUD's Discretionary Grants Programs for Fiscal Year 2002, Notice.

## COMINGS AND GOINGS

**Welcome Marietta de Chavez, Michael Hayes, Janice Morris, Jim Myers and Matt Naish to the San Francisco Multifamily Hub office; Terry Foster to Las Vegas; Michael Flores and Ray Yamate to Honolulu; and, Mit Herring to Sacramento.**

**Congratulations to Angela Morrison on the birth of her daughter born November 24, 2001.**

**Ron Brooks, Senior Architect in the San Francisco Office, and Steve Titus, Construction Analyst in the Phoenix Program Center, recently retired.**

**Ken Nisewaner passed away December 4, 2001, at the age of 61.**



## DEVELOPMENT CORNER

### **Fiscal Year '02 Project Activity**

#### ***Section 202/811 Initial Endorsements***

Hale Noho, Section 811, 8 units, Kaneohe, HI  
Senior Residence of Kaneohe, Section 202, 45 units, Kaneohe, HI  
The Salvation Army North Las Vegas Silvercrest, Section 202, 60 units, North Las Vegas, NV  
Peoria Place Apartments, Section 811, 14 units, Phoenix, AZ  
President Abraham Lincoln Manor II, Section 202, 45 units, Placerville, CA  
Diamond Sunrise Phase II, Section 202, 15 units, Diamond Springs, CA  
Rodeo Senior Apartments, Section 202, 50 units, Rodeo, CA  
Alvarez Court, Section 811, 19 units, Pinole, CA

#### ***Section 202/811 Final Endorsements***

Whispering Oaks, Section 811, 10 units, Redding, CA  
Sueno Nuevo, Section 811, 17 units, Tucson, AZ  
Charles Street Village, Section 202, 48 units, Cotati, CA  
Senior Residents at Kaneohe, Section 202, 45 units, Kaneohe, HI  
Chandler Supportive Housing, Section 811, 23 units, Chandler, AZ  
B'nai B'rith Covenant House II, Section 202, 40 units, Tucson, AZ  
Redwood Gardens, Section 811, 11 units, Red Bluff, CA  
Shasta Point, Section 202, 68 units, Davis, CA

#### ***Mortgage Insurance Initial/Final Endorsements***

Embassy Apartments, Section 223(f), 74 units, Las Vegas, NV  
Parkside Gardens, Section 223(f), 288 units, Sparks, NV  
Columbus Village, Section 221(d)(4), 260 units, Tucson, AZ  
Bay Club Apartments, Section 223(f), 420 units, Phoenix, AZ  
Vistas at Canyon Ridge West, Section 221(d)(4), 192 units, Surprise, AZ  
Kachina Point Independent Living, Section 223(f), 98 units, Village of Oak Creek, AZ  
Kachina Point Assisted Living, Section 223(f)/232, 62 units, Village of Oak Creek, AZ  
The Enclave at Bell Road, Section 221(d)(4), 324 units, Phoenix, AZ  
The Springs at Silverbell, Section 221(d)(4), 290 units, Marana, AZ  
Campaigne Place on Jackson, Section 221(d)(4), 300 units, Phoenix, AZ  
El Adobe Apartments, Section 221(d)(4), 48 units, Tempe, AZ  
The Villas at Mountain Vista Ranch, Section 221(d)(4), 256 units, Surprise, AZ  
Crystal Springs Apartments Phase II, Section 221(d)(4), 202 units, Avondale, AZ  
La Mariposa Casitas, Section 221(d)(4), 142 units, Tucson, AZ  
West Valley Rehabilitation Center, Section 223(f), 148 beds, Los Gatos, CA  
Palo Alto Commons, Section 223(a)(7), 133 beds, Palo Alto, CA  
Camelot Apartments, Section 221(d)(4), 55 units, San Francisco, CA  
Cameron Villa Apartments, Section 223(f), 68 units, Modesto, CA

#### ***Risk Sharing Initial/Final Endorsements***

Creekside Apartments, 18 units, Albany, CA  
Canyon Run Apartments, 50 units, Healdsburg, CA  
The Arc Apartments, 9 units, San Francisco, CA

## Calendar

### April

24 Section 202/811 Workshop, Arizona Room,  
450 Golden Gate Avenue, San Francisco, 9:30 A.M.,  
415 436-6605

23-25, AHM Occupancy Training and  
Certification, Quadel, San Francisco, 800-987-2581  
25-26, AHMA-NCN 21st Annual Conference  
and Trade Show, Sacramento

### May

7-8, CAHSA's 41st Annual Meeting and  
Exhibition, Palm Springs

15-17, Certified Occupancy Specialist,  
NCHM, Phoenix, 800-368-5625

15-17, Site-Based Budgeting Specialist,  
NCHM, Oakland, 800-368-5625

16, Preceptor Training Program, CAHSA,  
Los Angeles, 916-392-5111

### June

4-6, AHM Occupancy Training and Certifica-  
tion, Quadel, Sacramento, 800-987-2581

17-29, Certified Manager of Maintenance,  
NCHM, San Francisco, 800-368-5625

26-28, Tax Credit Specialist, NCHM,  
San Francisco, 800-368-5625

### July

8-10, Certified Occupancy Specialist,  
NCHM, San Francisco, 800-368-5625

18, HUD Management Industry Meeting,  
2nd Floor, 450 Golden Gate Avenue, San  
Francisco

22-24, Certified Manager of Maintenance,  
NCHM, Los Angeles, 800-368-5625

29-31, Certified Voucher Specialist, NCHM,  
Los Angeles, 800-368-5625

U.S. Department of Housing & Urban Development  
San Francisco Multifamily Hub  
450 Golden Gate Avenue, Box 36003  
San Francisco, CA 94102



