GOING GREEN: MAKING YOUR PROPERTY ENERGY EFFICIENT

By: Charles Miller

The Leadership in Energy and Environmental Design (LEED) is an environmentally conscious building certification system developed by the U.S. Green Building Council (USGBC). LEED provides a set of third-party standards for identifying and measuring the sustainability of planned or existing buildings and communities and the environmental impact of their design, construction and operation.

LEED was created to promote sustainable building practices and provide a baseline for measuring the components of green development. Through its creation, LEED has raised consumer consciousness on the benefits of green development to both self and community. The system has also promoted integrated, whole-building design practices and expanded competition amongst green developers.

The LEED system gives consideration to six main categories detailing the green aspects of a development:

- Water Efficiency
- Energy & Atmosphere
- Materials & Resources
- Indoor Environmental Quality
- Innovation in Design
- Regional Priority

When taken together, the above components encompass a synergistic whole, providing healthy, comfortable and productive spaces that are environmentally friendly.

For more information on LEED, please visit: http://www.usgbc.org
We have just received word that Brenda Waters was selected as the new Kansas City Multifamily Hub Director and Bruce Ladd was selected as the Operations Officer.

Brenda’s career with the Department spans over thirty years, in which they all have been dedicated to Multifamily Housing. During her career with Multifamily she has served in a variety of positions, including Project Manager, Senior Project Manager, Supervisory Project Manager, Public Trust Officer and Operations Officer. Brenda is responsible for the management, administrative, and technical direction of HUD’s multifamily housing programs in the states of Kansas, Missouri, Iowa, Nebraska, and Oklahoma. She oversees over 2000 properties and 90 employees.

Bruce’s career with the Department spans more than 20 years. Most recently he has served as the Supervisory Project Manager for Asset Management in the Kansas City office. Bruce will be responsible for the day to day operations for the Hub. Bruce is a welcomed addition to senior management in the Kansas City Multifamily Hub.

Congratulations Brenda and Bruce!

What’s New in Development?

**Multifamily Accelerated Processing (MAP) is being updated**

The Guide is being updated to include all Mortgagee Letters, Housing Notices and administrative guidance that have been issued since it was first published. Publication is expected this coming January. The updated MAP Guide will include new material on:

- Affordable Housing Underwriting
- Commercial Income
- Environmental Requirements
- Market Studies
- Mortgage Credit Analysis

**HUB and National Loan Committee**

Effective September 10, 2010, all invitations to submit a Firm Application and all Firm Commitments require review and approval by HUB and National Loan Committees. The Loan Committees will provide oversight for most transactions in the multifamily insurance program, depending on the loan size and the project’s number of units. A new transaction summary form has been developed for field staff use in presenting loan approval requests to both the HUB and National Loan Committee. Loan Committee protocols have been developed and the Loan Committee at both HUB and National levels have begun regular weekly meetings.

**Standardized Underwriter’s Narrative**

A standardized underwriter’s narrative has been developed in order to ensure consistent analysis across all applications. In addition, a standard table of contents has been developed to ensure consistent and complete presentation of the underwriting materials and to facilitate efficient review of the application package by HUD staff. Testing of the new narrative format is about complete and the forms are expected to be entered into paperwork reduction act clearance later this fall. We expect that Lenders will be required to use the standardized forms on all new application by January, 2011.

**Partial Electronic Submission**

Mortgagee Letter 2010-21 became effective September 6, 2010. As of the effective date, Lenders are required to submit an original and 1 hard copy of the underwriting file, exhibits and third party reports. Additional hardcopies are not required, but the Lender is required to submit an electronic version of these materials on either a disc or removable drive.

(Continued on next page…)
Concept Meetings

Also see Mortgagee Letter 2010-21 for the new provision for Project Concept Meetings. All new construction or substantial rehabilitation project must participate in a concept meeting with the Program Center prior to submission of an application. The concept meeting will provide the Program Center an opportunity for an early review of the project before an application is submitted. The concept meeting can be either in person or by teleconference. Concept meeting are not required, but are strongly encouraged for Section 223(f) transactions. Please refer to the Mortgagee Letter for details about the presentation requirements for concept meetings.

Two Stage Processing

With some defined exceptions, all Market rate 220, 221d and 231 applications must be submitted under 2 stage processing and may not apply directly for a Firm Commitment. Exceptions can be made for certain substantial rehabilitation projects, projects where a Pre application Invitation letter has expired, affordable properties as defined in the letter, or those with 90% or more rental assistance.

Multifamily Credit Watch

To better align lending practices across FHA programs, an objective, point-based system, based upon one in use by Single Family, will track multifamily lender performance, material violations of FHA underwriting standards and the rate of loan defaults and claims paid. Based upon the system of review, lenders may be placed on probation, suspended or could have their approval terminated. We expect the Multifamily Credit Watch system will be published as a proposed rule for a 30-day comment period later this month.

After comments are received, a final rule will be issued by the end of the year.

PROPERTY HIGHLIGHT.....

Park Pacific
Apartments, St. Louis, Missouri

St. Louis, Missouri:

An initial endorsement was held for Park Pacific Apartments, a 230 unit mixed residential and commercial Section 220 project located in downtown St. Louis. The 24 story building was constructed in 1928 and was originally used for the Park Pacific Railroad Headquarters. The financing of the project will consist of a HUD insured first mortgage of $63,131,600; with additional funds from New Market Tax Credits ($8,640,000); Brownfield Tax Credits ($5,732,047) and Federal and State Historic Tax Credits ($15,675,120).

What’s New in Asset Management?

Effective May 1, 2010, a new version of the Affirmative Fair Housing Marketing Plan (AFHMP) was implemented. When a owner/agent is required to submit a new AFHMP (once every 5 years), the new version of the AFHMP (form HUD-935,2A) must be submitted. The latest version of form HUD-935,2A is posted on HUDCLIPS at:

http://www.hud.gov/

Please be advised that the previous edition of form HUD-935 will no longer be accepted.
Did You Know... What’s Eating You?

On September 1, 2010, Washington, D.C. sent a memorandum regarding inspection requirements and reporting practices during the presence of bed bugs. Effective September 13, 2010, all inspectors will be required to report the presence of bedbugs at any property being inspected. In the past decade, bedbugs have begun to re-emerge and are increasingly becoming more widespread, irrespective of housing type or style. Pests such as bedbugs, cockroaches and rodents as well as the chemicals used to control them, can affect allergies and asthma along with more serious health risks. Bedbugs are generally flat and thin when unfed, but become more elongate, plum and red when they are full of blood. They hide in cracks and crevices during the day and leave their harborage areas at night to feed on their hosts. Over time, the harborage areas become filled with molted skin, feces and old egg shells of the resident bedbugs. Bedbugs can be difficult to control and often require repetitious treatments. For more information, please visit: http://www.hud.gov/offices/pih/programs/ph/pestmang.cfm

Get On-Line with Neighborhood Networks:

Rosedale Ridge Apartments, Kansas City, KS:

New computers at Rosedale Ridge Apartments have allowed the property to offer on site computer service to residents in need of internet access in order to complete job searches, fill out online applications and learn how to use the internet. The service coordinator assists residents with filling out online job applications, preparing for interviews and trains volunteers from the community to assist with the computer lab time.

The Phoenix Family Housing’s goal is to continue to provide resources which connect our residents to the things they need in order to live successful, empowered lives.

REAC: Tips on Physical Inspections By: Shanna McClarney

Most of you are probably familiar with the Real Estate Assessment Center (REAC). Periodically a REAC inspector will visit your HUD insured or subsidized property to ensure it is in good physical condition. If the inspector rates your property under 60, you’ve got a lot of work ahead of you. So here is your first round of tips to help you keep your property in tip top shape.

If you’re not familiar with the inspection timeline, here is what you can expect when REAC knocks at your door: For new properties, your first inspection will be 2 years from first occupancy. For properties whose last inspection score was a 90 or higher, it will be 3 years before your next inspection; scores of 80-89, 2 years and annual inspections if you receive a score of 79 or below.

There are certain deficiencies that are most frequently cited by REAC in a physical inspection, in this installment we’ll present you with the first 10 (in no particular order): Missing HVAC covers, access to the electrical panel, open fuse ports, damaged seals on doors, damaged hardware on doors, clogged storm water sewers, switch plate covers, call-for-aids, damaged windows, and damaged walls.

Be sure to check out your next HUB newsletter for your second installment of tips.
Owners and Management Agents (O/As) for HUD projects administering rental assistance through certain Multifamily Housing Programs (see HUD Notice H 10-10 for full list) are now required to use the EIV system when verifying the employment and income of participants during the recertification process (use of EIV is not required for applicant screening or initial certifications). The mandate became effective as of January 31, 2010.

On July 1, 2010, the Office of Housing issued Notice: H 10-10 (The Notice), providing updated instructions to Multifamily owners and agents on the use of EIV data as part of the Upfront Income Verification (UIV) process which was implemented by the Refinement of Income and Rent Determination, Final Rule published in the Federal Register, January 27, 2009. Mandatory use of EIV will assist HUD's Rental Housing Integrity Improvement Project's initiative to reduce the number of tenant income errors, therefore reducing the number of improper payments in the covered rental assistance programs.

Penalties for Non-Compliance

Owners and management agents failing to use the EIV system are subject to sanctions by the Department or disallowed costs associated with incorrect subsidy payments resulting from failure to use EIV.

Having Problems Obtaining Access to EIV?


Coordinators need an active WASS ID assigned by HUD and must have written authorization from the owner to access the system. A Coordinator Access Authorization Form will need to be submitted to HUD's Multifamily Helpdesk via fax at 202-401-7984 or email at MF_eiv@hud.gov.

After receiving approval from HUD via email from the Helpdesk, property assignments must be completed in EIV as well as the on-line certification process. Users must obtain a WASS ID to apply for access rights and complete the User Access Authorization Form (hardcopy) and submit to their assigned EIV Coordinator for approval.

Instructions for the application process as well as required forms are available at:


What to do after gaining EIV Access?

Update Policies:

The Notice spells out specific requirements for using EIV data. EIV verification reports include the Income Discrepancy Report and the New Hires Report. Written policies and procedures must describe how EIV data on employment and income and the EIV verification reports will be used. If EIV will be used at interim recertification’s or for applicant screening, Tenant Selection Plans must be updated.

Sign Rules of Behavior:

All users of EIV must adhere to the EIV Rules of Behavior (ROB) signed at the time
EIV & YOU continued...

of application for access. Copies of signed ROBs must be kept on file and must be made available upon request by EIV compliance monitors.

Take Security Training:
Annual security training is required for all EIV users. Users are encouraged to review Section 4 of the Multifamily EIV User Manual found at: www.hud.gov/offices/hsg/mfh/rhiip/eiv/usermanual.pdf for information on system security.

Training/Reference Materials for EIV:

**EIV Instructional Course** (Type EIV in search criteria):

**EIV and You Brochure:**

**EIV Recertification Requirements:**
http://www.hud.gov/offices/hsg/mfh/rhiip/mfhriip.cfm

**EIV Multifamily Help Desk:**
Email: MF_EIV@hud.gov

To date, nearly 5,000 properties across the country already have access to EIV and are utilizing the system.
Contact Us…

**Des Moines Field Office:**
Phone Number: (515) 284-4736
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Phone Number: (913) 551-6812
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