Recently several Multifamily projects throughout the Midwest were damaged and destroyed by violent storms, flooding and fires. Owners, agents, and on-site staff should become familiar with HUD Handbook 4350.1, Chapter 38 Disaster Guidance. This is a fairly new chapter that is a must read. Unfortunately, we do not always know when a disaster will strike.

The Program Center is asking all owners and agents to develop a disaster plan for their projects. Along with the Disaster Plan you need to develop an Emergency Relocation Plan. Both of these plans would be vital to have in place in order to get through a disaster as efficiently and effectively as possible. HUD does not need to have a copy of your plan, but once your plans are in place you should advise your HUD Project Manager.

The Program Center Project Manager needs to be advised of any disasters that take place. Please call the day of the disaster, or the next working day if the disaster happens during the evening, holiday, or weekend. The following is a list of information that you need to provide your HUD Project Manager:

1) Were residents, staff or guests hurt or killed?
2) What was damaged, and the extent of the damage?
3) If residents were displaced, how many, and where did they go?
4) Contact information on how to reach the owner, agent, and on-site staff, especially if phone lines are down, and electricity is off. We ask that you check in often with your Project Manager as it may be hard to reach you (Daily in the beginning).

HUD is also asking you to contact your Project Manager if you are in a city, town or area that has experienced damaging storms. Contact HUD regardless if the project had damage or not. If no damage occurred, simply send an email to your Project Manager and let them know that no damaged occurred.

Let’s hope no one needs to put their Disaster Plan in use. If you ever do, know you are not alone as HUD is here to assist you along the way.
On July 17, 2011, the St. Louis Field Office welcomed a new Supervisor over Asset Development, Joyce Hoeing. Joyce has been with the St. Louis Development team for the past 12 years working as a Construction Analyst. Her Federal career began some years before when she took a job in 1982 as a Clerk Typist for Farmers Home Administration. By 1987 the HUD doors had opened when Joyce accepted a position as a Single Family Appraiser. That same momentous year her hard work paid off when she earned her BA in Business from McKendree College. Good things must come in threes because less than a year later, in 1988 she married her now husband, Michael. Joyce and Michael live in Mehlville, MO with their daughter, Michelle and son, Nicholaus. Joyce is enthusiastic about the new challenges that lie ahead and I think I speak for us all when I say, we are very happy to have her on the MF team!

Please also join us in congratulating Janet Curtis, on her new position as the Contract Administrator Oversight Monitor for the Kansas City Multifamily Hub.

What’s New in Development?

Section 202 and 811 Capital Advance Programs

The Department of Housing and Urban Development (HUD) has received applications from private non-profit organizations and nonprofit consumer cooperatives for rental or cooperative housing under the Section 202, Supportive Housing for the Elderly and Section 811, Supportive Housing for Persons with Disabilities, Capital Advance Programs. The Kansas City Hub has been given the following allocations under the combined Fiscal Year 2010 and 2011 Notice of Fund Availability (NOFA):

<table>
<thead>
<tr>
<th></th>
<th>Estimated Units</th>
<th>Capital Advance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section 202:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metropolitan Areas</td>
<td>104</td>
<td>$12,373,553</td>
</tr>
<tr>
<td>Non-Metropolitan Areas</td>
<td>70</td>
<td>$8,046,274</td>
</tr>
<tr>
<td><strong>Section 811:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Areas</td>
<td>58</td>
<td>$6,591,436</td>
</tr>
</tbody>
</table>

Each application will be reviewed and given a technical score from 0 – 102. Applications submitted must have a total base score of 75 points or more and meet all of the applicable threshold requirements of the NOFA to be eligible for selection. Applications will be placed in rank order by score, based on the category they fall under. Selections are made based on said order until all approvable applications are selected using the funds for the given allocation.

The competition for funding through the Kansas City Hub includes applications from the states of Iowa, Kansas, Missouri, Nebraska and Oklahoma.
What’s New in Asset Management?

The Department of Housing and Urban Development has revised its policy regarding pension plan expenses charged to the project operating account. Housing Handbook 4381.5 REV-2 Section 6.38.e.(2) was amended to provide guidance and permit management agents to make pension plan contributions from project operating funds for employees that perform front-line services at various projects during the work week. This policy change is essential for Owners and management agents to hire and retain qualified employees to perform critical functions as HUD assisted projects under the following requirements:

1) The percentage of project funds paid to the management agent for the employee’s pension plan contribution should be proportional to the amount of time the employee works at each project.
2) Management agents must ensure that individual employees are eligible to participate in pension plans in accordance with applicable federal, state, and/or local laws.
3) Management agents must maintain records demonstrating compliance with these requirements and
4) Pension plan costs paid from the project operating account are for on-site, front line employees who work at the project on a daily basis only, and do not apply to off-site, non-front line supervisors.

For further guidance on pension plan expenses charged to the project operating account, please review Housing Notice H 2011-08.

Property Highlight: Metro Lofts, Des Moines IA

Metro Lofts is a 221(d)4 new construction, 4-story building consisting of 111 units with underground parking. The project has a combination of 100 units with Low Income Housing Tax Credits (LIHTC) along with market rate rents. The project is located in downtown Des Moines, and is directly south of the central business district and the Court Avenue area. The project was developed by Sherman Associates of Minneapolis. Of the $16,637,037 in total development costs, $1,229,806 were in low income housing tax credits awarded by the Iowa Finance Authority for allocation and development during 2010. Financing and funding for this development involved a variety sources:

- HUD 1st Insured Mortgage: $ 6,690,000
- LIHTC equity generated: $ 10,383,000
- Des Moines Urban Renewal: $ 1,500,000
- IFA Section 1602 Award: $ 1,229,806
- City EZ Tax Credits: $ 723,353
- Deferred Developer Fee: $ 911,127

The project overcame initial obstacles and construction delays resulting from timing issues for the tax credits, and problems with syndication of the credits in the market. The loan closed on April 7, 2010 and construction began immediately with the contractor working nights and weekends on an expedited construction timeline. Occupancy was granted on November 30, 2010 and the project reached 100% final construction on January 6, 2011 with 18 units leased and occupied. Today, Metro Lofts is home to about 100 Des Moines residents and has greatly contributed to the continued development of affordable housing in the downtown area, which is a goal of the City of Des Moines as well as a national goal for HUD.
Green Refinance Plus Program

On May 31, 2011, a press release (HUD No.11-106) was sent out regarding the announcement of Secretary Shaun Donovan’s introduction of the Green Refinance Plus program. According to this press release, the Green Refinance Plus program is “a program between HUD’s Federal Housing Administration (FHA) and Fannie Mae to allow owners of existing affordable rental housing properties to refinance into new mortgages that include funding for energy- and water-saving upgrades, along with other needed property renovations.”

In the introduction of the program, Secretary Donovan stated, “This program kills two birds with one stone – it preserves our affordable rental stock and it helps finance upgrades that will save energy and money over the long haul. We must make the smart investments in a more energy independent economy. These investments will strengthen our economy, create the new industries and new jobs of the future and reduce our dependence on an ever fluctuating oil market.”

The Program’s requirements include:

- Property must be at least 10 years old, with a recorded use agreement of the affordability restrictions that extends for at least the term of the new loan to help preserve affordable housing.
- At least 5 percent of the refinance loan proceeds must be applied to property renovation or energy retrofit.
- All rehabilitation and energy improvements must enhance value and improve property operations.

As a requirement for underwriting, Fannie Mae will adopt a Green Property Needs Assessment (Green PNA) as a standard required for all Green Refinancing Plus loans.

The Green PNA will identify a property’s deferred capital needs and cost effective opportunities for increasing energy and water efficiency. Fannie Mae will offer Green Refinance Plus through its networks of Delegated Underwriting and Servicing (DUS®) and Special Affordable lenders.

For more information please visit:
Executive Order 11063 was issued on November 20, 1962, by President John Fitzgerald Kennedy. The purpose of Executive Order 11063 is to assure that no discrimination will take place in any federally funded program. Section 101 of Executive Order 11063 has a quote from President Kennedy which states “I hereby direct all departments and agencies in the executive branch of the Federal Government, insofar as their functions relate to the provision, rehabilitation, or operation of housing and related facilities, to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin.”

Executive Order 11063 prohibits discrimination in the sale, leasing, rental, or other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.

Executive Order’s enforcement mechanisms are other Federal statutes, such as the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, as amended and Title VI of the Civil Rights Act of 1964. Section 808 [42 U.S.C 3608] of the Fair Housing Act gives the Secretary of HUD the authority to enforce multiple statutes and Executive Orders, and Executive Order 11063 is one of the executive orders the Secretary is required to enforce. It is the Secretary’s responsibility to assure that all recipients of federal funds are affirmatively furthering fair housing.

The mechanism that is statutorily required by HUD that is monitored by the Office of Fair Housing and Equal Opportunity (FHEO) to assure that federally subsidized programs are meeting their statutory requirements to Affirmatively Further Fair Housing is the Affirmative Fair Housing Marketing Plan (AFHMP). HUD's Department of Multifamily Handbook 4350.3 REV-2, Chg. 3, Occupancy Requirements of Subsidized Multifamily Housing Program, Chapter 4 has the guidelines for the AFHMP.

The guidance states that each multifamily property built or substantially built since July 1972 must develop and carry an AFHMP. The AFHMP is a marketing tool that assures that the property is affirmatively further fair housing by identifying those least likely to apply for housing, and the housing provider must show FHEO the efforts that they have undertaken to attract those least likely to apply. The AFHMP should be accompanied by copies of certificates from the project staff to show that the staff has received fair housing training and the dates of that training. The fair housing training would show FHEO that the staff is equipped to affirmatively further fair housing by assuring that applicants and persons on the waiting list will be provided an equal opportunity to be housed irrespective of race or color, sex, religion, national origin, race, disability or familial status. The AFHMP must be updated every five years.
Check us out on the web:

www.hud.gov

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