Kentucky Housing Partner



Volume 24, No. 1

December 2013

Louisville Multifamily Program Center

A VISIT FROM MR. HUD!

'Twas the night before Christmas, when all through the house Not a bedbug was stirring, not even a mouse; The smoke alarms were placed on the table with care, In hopes that Mr. HUD would not soon be there; The residents were nestled all snug in their pads; While visions of bourbon balls danced in their heads; Carol Worsham in her office and Carson Hayes out back Had just settled their nerves with a bottle of Jack. When out on the parking lot there rose such a clatter. Carson sprang to life to see what was the matter. Away to the window he flew like a flash, Tore open the shutters and threw up the sash. As REAC had only recently been passed, The shutters and sash thankfully held fast. When a break in the silence came to his ear. But a gov't Chevy and asset managers did appear, With a hairy old driver carrying outdated handbook crud, He knew in a moment this must be Mr. HUD. More rapid than Notices his managers they came, And he whistled, and shouted, and called them by name: "Now, Kari! now, Donna! Sarah, Debbie and Randu! On, Milton! on, Bonnie! Jess, Liz and Tammy! To the top of the files! to the top of the wall! Now dash away! dash away! dash away all!" So up to the office the managers they flew Armed with REAC inspections and EIV reports too-And then, in a twinkling, Carson heard in the distance The prancing and pawing of the HUD staff's persistence. Carson drew in his head, and was turning around, Into the office Mr. HUD came in with a bound. He was covered in fur from his head to his toe, His clothes all tattered and needed a good sew; A bundle of files he had flung on his back, And he looked like a peddler just opening his sack. His eyes-how they twinkled! his dimples, how merry! His cheeks were like ornaments, his nose like a cherry! His droll little mouth was drawn up like a bow, And the beard on his chin was as black as the stove; He had a broad face and a round belly That shook when he laughed, like Smuckers jelly. He was chubby and plump, a right jolly old ape, And Carson laughed when he saw him, not knowing his fate; A wink of Mr. HUD's eye and a twist of his head Soon let Carson know he had everything to dread; He spoke not a word, but went straight to his work, Tore through the files, trying not to be a borderline jerk, He scoured the files with a fine tooth comb; Nothing to be found, checking just like a gnome. He sprang to his Chevy, to his team gave a whistle, And away they all flew like the down of a thistle. But Carson heard him exclaim, 'ere he drove out of sight,

"Happy Christmas to all, and to all a good night!

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Bonnie Meaney's Retirement

Bonnie Meaney began her federal career in 1978 at the Census Bureau. She then moved on for a two year stint in Naval Ordinance. She began her HUD career in Personnel in November 1980 during the Carter Administration. She worked in Legal from 1985-1988 and then moved to Single Family where she was instrumental in helping many Kentucky families keep their homes. In 1997, Single Family was moved to Atlanta and, fortunately, she began her career in Multifamily. She has seen many changes and helped shape the Multifamily Asset Management area of the Louisville Program Center. She has been a mentor, confidant and teacher for many of the staff.

When asked about how she would want to be remembered at HUD, she said to be sure to make the article funny. After polling her coworkers, here are some of the fond remembrances:

- "She was sitting up on something where there were several people around and some boy said, 'Look at the wheels on that!' talking about her sexy legs".
- "crowing like a rooster, standing on her head"
 - "Shortly after I joined HUD, I heard Bonnie's pig call for the first time. It was during an all employees' meeting that I realized she was well known for her ability to sound like a pig. Everyone in the office begged her to do it, and when she did, they laughed and cheered."
- "She is the best at laughing the vowels."
- "Her dizzying imitation of Hurricane Bonnie as it slammed ashore in North Carolina in 1998."
- "Her ability to tell a colorful story where you can visualize everything perfectly is uncanny."
- "You know it's a good day at HUD when you hear Bonnie whistling like a bird through the office."
- "She is so cheerful when she sings 'Good Morning to You' to the tune of the Happy Birthday song."

When asked about her retirement plans, she said she planned to "read, knit, garden, paint gourds, learn to cook and write romance novels". That's our Bonnie!

There is no end to the knowledge and experience that she has so graciously shared with newbies both at HUD and in the industry. She will certainly be sorely missed as a coworker and, more importantly, as a friend.



Request for Comment Small Multifamily Building Risk Share Initiative

On November 4, 2013, HUD announced its intent to implement an initiative under the Risk Sharing Program, directed to facilitating the financing of small multifamily properties. HUD is soliciting comments through January 3, 2014.

In the President's Fiscal Year 2014 Budget request to the United States Congress, statutory changes to section 542(b) of the Housing and Community Development Act of 1992 (Section 542(b)) were requested that would remove affordability restrictions currently required under Section 542(b) in order to reduce the burden on owners who access this capital in order to provide affordable housing in their communities through loans originated by lenders that have demonstrated experience in affordable housing lending. The language would also authorize Ginnie Mae to securitize loans on small buildings made under Section 542(b). This change would significantly enhance the impact and utility of this initiative. If granted this authority by the Congress, HUD would invite Applicants that engage in Risk Sharing under the authority of this Notice to modify their agreements to take advantage of the new authority. In addition, HUD would implement a broader Small Building Risk Share Initiative through publication of regulations and/or guidance. View the full November 4 *Federal Register* Notice at: http://1.usa.gov/16PESRt.

HUD is inviting certain mission-oriented lenders (Applicants) to comment on the section 542(b) Risk Share Program initiative described in the Notice, and to participate in the proposed initiative as Qualified Participating Entities (QPEs) to increase the flow of credit to small multifamily properties and to demonstrate the effectiveness of providing Federal credit enhancement for refinancing and rehabilitation of small multifamily housing. Under this initiative, Applicants qualified as QPEs and relying on a 50 percent Risk Share arrangement with HUD, will be able to underwrite, originate, and service loans that are on properties of 5–49 units,

or do not exceed \$3,000,000. Following the receipt of comments and revisions, HUD will solicit applications from high capacity Community Development Finance Institutions (CDFIs) and other missionmotivated financial institutions to participate in HUD's Risk Sharing Program.

Interested persons are invited to submit comments regarding this notice to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Room 10276, Washington, DC 20410–0500.

FOR FURTHER INFORMATION CONTACT: Lynn Wehrli, Office of Multifamily Development, Office of Housing, Department of Housing and Urban Development, 451 7th Street SW., Room 6156, Washington, DC 20410; telephone number (202) 402–5210 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at 800–877–8339.



Rick McQuady

Best Wishes to 2 KHC Retirees

We note the recent retirement of Richard L. McQuady and Mark Offerman from the top leadership positions at Kentucky Housing Corporation. Both Rick and Mark have had long and distinguished careers at KHC, and are to be congratulated for their many contributions to affordable housing in the Common-

wealth of Kentucky. For many years, the Louisville Multifamily Program Center has enjoyed an excellent, nationally recognized, working relationship with our housing partners at KHC. This relationship did not happen by accident; it was cultivated and nurtured by leadership. The closeness of our working relationship has allowed us to collab-



Mark Offerman

orate and accomplish more collectively than we could have done individually. The ongoing reconstruction of Frederick Place Apartments in West Liberty is but one of the more recent examples of HUD-KHC collaboration. Frederick Place is a subsidized apartment community that was destroyed by tornado in the spring of 2012. It is being completely rebuilt with equity from Low Income Housing Tax Credits, and a FHA insured Risk Sharing loan (see page 8 for more details on Frederick Place).

2014 Housing Management Conference

The 2014 Housing Management Conference will be held at the Galt House East Hotel from May 12th through May 15th. This year's theme is baseball as "Heading For Home". The agenda is packed with educational options for everyone in the housing industry. Our speakers will provide relevant information for managing affordable housing.

KHC and HUD will each provide their overview sessions. There will be tracks for maintenance personnel, service coordinators, elderly properties, owners and agents, tax credits and family properties. A special off-site event is being planned for Tuesday evening. You are invited to enjoy this free evening to explore part of the city of Louisville with your friends and co-workers. More information regarding this event will be available soon!

This year's charity is the Miracle League located out of Lexington, KY. The Miracle League creates the opportunity for physically handicapped persons to play baseball. The conference has raised substantial dollars for charities over the years. Many exciting fund raising activities are being planned to benefit this deserving cause.

The conference committee has worked hard to make next year's conference a success. Make plans for the 2014 Housing Management Conference! We look forward to seeing you there!

Service Coordinator Notes

Season's Greetings! It is so hard to believe that another year has nearly passed. It has been a busy year with the announcement of the Transformation and upcoming changes to the Multifamily Housing. Meanwhile, business must still go on. We are currently working on the FY2013 NOFA applications for the Service Coordinator in Multifamily Housing grants. Applications were due on November 18, 2013. Around February 2014, the Department will hold the national lottery for all applications determined to be eligible. Approximately \$7.5 million will be awarded.

Thinking about 2014, one of the changes important to service coordinators will be the new HUD-92456 form. The Semi-Annual Performance Report form and the corresponding Glossary of Services/ Activities should be available on the HUD website in early 2014. One of the more significant revisions to the Report form involves an expansion of the list of services and/or activities that service coordinators working with low-income older Americans provide. Revisions to the form require service coordinators to track and report not only the number of residents who received the service or assistance; but also track the number of contacts in each of the services/activities categories. Look for upcoming articles about the reporting requirements in future issues of this newsletter.

Mark your calendars to attend the 2014 Kentucky Housing Management Conference in May. The Service Coordinator Track conference committee is finalizing the agenda and obtaining speakers. Contact Daphne Cole, SC Track Chair, at 270-926-1673, for additional information or to volunteer to assist with the Service Coordinator track at the Conference.

Have a safe and Happy New Year!



Need help locating rental housing?

Check out these resources:

KHC Rental Housing Directory http://www.kyhousing.org/ uploadedFiles/Rental/ AssistedRentalHousingReport.pdf

HUD Subsidized Apt. Search http://www.hud.gov/apps/ section8/index.cfm

Did you know the HUD model lease is available in Spanish?

You can make your property a more inclusive and caring community by downloading the HUD model lease in Spanish from the HUD website! <u>http://www.hud.gov/offices/hsg/</u> mfh/gendocs/modelleases_sv.pdf

Revised Guidelines for Processing Interest Rate Reductions (IRR) requests

Please refer to the Memorandum dated July 26, 2013 from Marie D. Head, Deputy Assistant Secretary for Multifamily Housing Programs for the most up-to-date guidance for processing IRR requests. The memo is for Industry partners as well as HUD personnel.

ENERGY—SPRAY FOAM INSULATION

Many of you have probably seen the various home building/ DIY programs on TV using spray foam insulation in their projects and wondered what it is and does it work.

Spray polyurethane foam (SPF) is a product that is sprayed into openings or cavities in a building. The end product starts out as a two-component liquid that is mixed together in the spray gun and when applied to the cavity the resulting foam expands completely. The adhesive quality of the expanding foam creates a very effective sealant against air infiltration as well as providing very good insulating performance. The big advantage to the spray foam is its ability to completely fill the wall cavity and seal around all penetrations allowing the insulation to reach its full insulating value and completely seal out air infiltration. The insulating performance depends on the type/ density of SPF used.

While all SPF insulation the general qualities above, there are two distinct product types used in buildings: Low-Density and Medium-Density.

Low-Density SPF is first defined by its installed (dry) weight which is 0.5-1.0 pounds per cubic foot. This type is often referred to as "open cell" because of the many air cells and their configuration. The open cell is generally very competitive when compared to labor and materials for other types of insulation. From a thermal standpoint it achieves and R-value of approximately 3.2-4.5 per inch of depth. This makes it comparable to or better than most other insulation commonly used in walls. Because it is light weight it means it can also "flex" and move as the structure does and will continue to provide an effective ongoing air seal.

Medium Density, as would be easy to guess, is a bit heavier than the low-density foams. They typically weigh 1.7-2.5 pounds per cubic foot installed. This type is often referred to as "closed cell" because of the many air cells and their configuration. Medium density is also more rigid and as such is more popular in metal framed buildings and even high wind areas for wood framed buildings. From a thermal standpoint it achieves and R-value of up to 7.4 per inch of depth meaning higher energy performance can be achieved in thinner walls.

This one product can control heat loss, air infiltration, moisture, and sound in buildings of all types. Both products are also recognized as environmentally friendly (green) because they use non-ozone depleting spraying agents and do not contain CFCs, urea-formaldehyde, asbestos or cellulosic material. The places within a building that SPFs have shown to be effective include walls, undersides of roofs, below grade and even under concrete slabs.



NEW INFORMATION ON 4350.3

<u>HUD Revises the Release of Change 4 to Handbook 4350.3 REV-1</u> "Occupancy Requirements of Subsidized Multifamily Housing Programs"

Information in this article from Ross Business Development

In August, HUD released Change 4 to Handbook 4350.3 REV-1 "Occupancy Requirements of Subsidized Multifamily Housing Programs". On December 10, 2013, HUD released a modified version of this Handbook with a revised transmittal. Please review the Transmittal for a list of changes. <u>http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsgh/4350.3</u>

Owners/agents have until December 15, 2013, to implement any changes found in Change 4.

The changes noted have been incorporated into the Change 4 Online Training Workshop scheduled for today (December 12), and in future Change 4 training.

Owners/agents have until March 1, 2014, to implement those changes requiring modifications to their TRACS software. Your site software vendors should provide you with additional information about those changes, but we expect them to be incorporated in the TRACS 202D release.

WHAT CHANGED SINCE AUGUST?

This revised transmittal removes all appendices associated with the "old" Chapter 9 of HUD Handbook 4350.3 REV-1, Change 3. These include: Appendix 7-A, Appendix 7-B, Appendix 8, Appendix 9, Appendix 10 A, Appendix 10 B, Appendix 10 C, Appendix 10 D, Appendix 11, Appendix 12, and Appendix 13. As a result, the appendices have been re-numbered.

Please note that the "old" Chapter 9, which discusses 50059s, vouchers and other TRACS related topics, is being incorporated into HUD's Monthly Activity Transmission Guide (MAT Guide) as a new Chapter 7. The rules that were previously included in the Handbook still apply to owner/agents. We will send a HUDBlast when that addition is complete. The MAT Guide will now be the resource for TRACS-related guidance. www.hud.gov/offices/hsg/mfh/trx/trxmatg.cfm

Appendix 1 - The Affirmative Fair Housing Marketing Plan still links to the current form which expired 8/31/2013. HUD has not yet posted a new version of this form.

Appendix 3 was updated to:

1. Include a new column "Provided by Applicant" under Third Party Verification

2. Include a Note referencing examples & requirements in 5-13.B.1 (refers to adding UIV and the order of acceptable verifications)

3. Update Appendix 3 to align with new verification techniques in 5-13, including selfdeclaration of income items

The Section 8 Fact Sheet (now Appendix 7B) is the current September 2010 version of the Fact Sheet.

Finally, a small clarification to verification techniques was made in paragraphs 5-13.B-1-b-2 and 9-10.A. While the changes to Chapters 5 and 9 are minor, they have significant impact when owner/agents are verifying employment income and Social Security income.

A New Beginning

Frederick Place Apartments

A *Ground Breaking Ceremony*; hosted by Carol Worsham, President of Winterwood Management, Inc. was held at the site of the former Liberty Heights Apartments on November 25, 2013, to celebrate the new complex which will be known as *Frederick Place Apartments*; in honor of Grover Frederick and in memory of the late Juanita Frederick.

You may remember, Liberty Heights Apartments was destroyed by the March 2012 tornados that ripped across the Bluegrass. Attendees included: the builder of the property and former owner, Mr. James G. Fredrick accompanied by his daughter Coleen Fredrick Kegley, staff from Kentucky Housing Corporation, Housing & Urban Development, Winterwood Management, Inc., and local officials. The new *Frederick Place Apartments* will consist of 16 – 1 bedroom garden style apartments, and 32



HUD's Debbie White, 2nd from left, participates in the Ground Breaking ceremony

- 2 bedroom townhouses. Amenities include: dishwashers, microwaves, washers and dryers, ceiling fans, clubhouse/meeting room, playground, Dog Park, picnic/grill area and fitness center (to name a few). These new and exciting units are being made possible through LIHTC and a risk sharing loan. The property is expected to be completed in the Fall of 2014.



Rendering for Frederick Place Apartments

Preparing for a REAC Inspection

The mere mention of the Real Estate Assessment Center physical inspections or REAC, as it is commonly referred, is a means by which HUD makes periodic checks on the physical health and viability of a property. It is not, nor is it intended to be a "gotcha" aimed at the owner, management agent, site management or maintenance staff. It is a snapshot of the property on that particular day. The goal is to give you some tips that will assist you in making a passing score (above 60) as well as, making the actual inspection less stressful.

Once the REAC has been scheduled, 100% of the property should be inspected by the site manager or maintenance staff, prior to the REAC inspector's arrival. This allows any problem areas to be addressed prior to the actual inspection and is an additional opportunity to answer tenant questions and make necessary repairs. During the inspection, the entire property must be accessible and all systems should function in accordance with the manufacturer's intent. You should expect the REAC inspector to lift windows, open panels, turn on stoves, vents etc., because the inspection is very much a "hands on" inspection. Some tips to follow are:

- All electrical boxes, panels, fuse boxes, etc. are subject to inspection by the REAC inspector and should be accessible, regard of location.
- A box is considered secure if it can not be opened using only your hand. (No tools allowed).
- Individual rooms/ living areas must have 2 means of egress (escape). This does not apply to rooms/areas on the third floor or higher.
- Have certificates for Elevators, boilers, fire alarms, sprinkles, elevators, etc. on hand

- Lead based Paint reports and Resident Disclosures (if building built prior to 1978)
- Measurements for parking lots (square footage)
- Current rent roll, existing waivers (i.e. office, police unit, etc.)
- Site/ Property Map
- Be prepared for inspection on date/ time that was mutually agreed upon
- Take pictures and take notes.
- Placing an item "out of order" will likely result in a level 3 deficiency.
- Have maintenance to replace all covers, panel, shields to items being repaired.
- You may have extra light bulbs to test lamp fixtures.
- Exhaust fans may be plugged in to test, if they have been unplugged.

These tips are not all inclusive, but are used as a guide to assist in easing the tension for the inspectors, residents, owners, management agents, site management and maintenance staff. Regularly scheduled inspections, prompt maintenance, resident education and resident involvement will help in improving low REAC scores, and to sustain scores for high scores for those that are already high. There are also several websites that list the "Top 25 REAC Deficiencies". Theses site are really helpful in citing some of the most frequent deficiencies noted on inspections in the past year. If assistance is needed or a checklist is needed for

REAC pre-inspections, please contact your HUD

project manager.

A publication of the Louisville Multifamily Program Center Department of Housing and Urban Development Kentucky State Office 601 W Broadway, Room 110, Louisville, KY 40202 (502) 582-6163

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Email your contact information to <u>Su-</u> <u>san.L.Siewert@hud.gov</u>.

Social Sarah is Staying Fit:

Hello friends! I sure hope everyone is doing great and staying warm. If you live around Kentucky or Southern Indiana then you have already received several inches of snow this year. I hope everyone has been able to stay safe and also get out a little bit to play. I know things here have been busy, busy, busy!

With the holidays coming up it's very hard to fit in work, play, and shopping with all the social events. I've been doing quite a bit of multitasking. You probably have too and haven't even noticed. If you thought that with all the holiday bustle you may have missed a few workouts, you probably haven't. Did you know that pushing a cart around a store burns about 100 calories every 30 minutes? Who knew that all those busy stores and holiday shoppers could really get your heart rate up? Also, if you are preparing for house guests then you are probably doing a little vacuuming. If you vacuum for 30 minutes you can burn about 120 calories. That may not seem like



that much, but it is equivalent to a glass of red wine which you will undoubtedly need if you are expecting a large crowd this year.

I hope everyone has a safe and fun holiday season!

Social Sarah

2014 Operating Cost Adjustment Factor (OCAF) Published

The Operating Cost Adjustment Factors (OCAF) for 2014 were published in the September 16, 2013 Federal Register. These factors are used for adjusting or establishing Section 8 rents under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA), as amended, for projects assisted with Section 8 Housing Assistance Payments. The factors are effective February 11, 2014 and can be found at <u>http://www.gpo.gov/fdsys/pkg/FR-2013-09-16/pdf/2013-22458.pdf</u>. The OCAF for Kentucky is 2.0.