Housing and Urban Development

HUD’s mission is to increase homeownership, support community development and increase access to affordable housing free from discrimination. To fulfill this mission, HUD will embrace high standards of ethics, management and accountability and forge new partnerships—particularly with faith-based and community organizations—that leverage resources and improve HUD’s ability to be effective on the community level.

SPECIAL FEATURE

Aging In Place – What is it?

Regardless of your age, race, class, income, religion, education or gender, you will get older. Will you have to leave your home? What kind of help will you get? These are questions that millions of seniors in the United States are facing today. By 2030, older adults are expected to make up 20 percent of the population, doubling from 35 to 70 million people.

The quality of healthcare and housing are interrelated. Nine out of ten seniors live in conventional, non-age restricted housing, and home ownership rates among seniors are high. If an older person’s housing is inadequate for their condition, their health may decline. If their health has declined, they may not be able to maintain their living environment. Problems like a leaky roof or broken heater can make someone ill or feel out of control. In addition, the physical deterioration of a house can cause mental health deterioration.

It used to be thought that as an individual grew more frail, he or she should physically move from one facility to another as the need increased. Instead, it is now possible to modify the environment by adding supportive services or reconfiguring the residence, allowing the senior to age in place. Aging in place is growing older without having to move from one’s present residence in order to secure necessary support services in response to changing needs. This can mean living where you have lived for many years, or living in a non-healthcare environment and using in-home services to enable you to remain in your home as your condition changes.

Aging in place should be based on choice, so that individuals and family members of all incomes can afford to choose from a range of housing and health care alternatives. Matching the level of service to the level of need is an important part of aging in place. This often means not sending seniors to a long term, full-care
The Multifamily Hub News is distributed to Hub clients as well as other interested parties. Newsletter comments may be directed to Eugene Raica at Eugene_Raica@HUD.GOV

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One policy area of interest to multifamily housing sponsors is bringing utility allowances more in line with utility costs for projects that are energy efficient. The rationale for establishing energy efficient utility allowances is that housing sponsors should be provided an incentive for making investments in additional energy measures and a means for covering the additional costs of measures that substantially lower property and resident utility costs.

When there is only one utility allowance schedule applied to all properties, efficient or not, owners and developers have no incentive to invest in improvements.

On the other hand, a lower utility allowance reflecting lower utility costs of energy efficient properties results in increase net operating income (that the utility company would have otherwise collected) without increasing the residents’ total housing burden (rent plus utilities).

In California, the Heschong Mahone Group (HMG), launched an initiative to assist Public Housing Authorities (PHAs) set utility allowances for buildings meeting ENERGY STAR building standards. In effect, this approach recognizes energy efficient buildings meeting the energy standard as a unique building type for the purposes of setting allowances under the Section 8 Housing Choice Voucher program.

Digital TV Transition

Per the FCC, TV broadcasters must stop broadcasting analog signals on February 17, 2009. This transition will allow for advanced services and free airwaves for emergency services and other uses.

The only people who have to do anything are those who receive their TV signal from a house antenna or rabbit-ears. Those people will need to obtain a converter box in order to continue using their current TV.

Those people receiving their TV signal from Cable or satellite will not be affected.

More information at: WWW.DTV.GOV

The Joint Center for Housing Studies of Harvard University notes in their 2006 “The State of the Nation’s Housing” that “baby boomers are driving a dramatic shift in age distribution of households.” From 2005 to 2015, total projected household growth is estimated to be a little over 14.6 million households for the nation. Within this growth is an estimated increase of 13.8 million households for age 50 and over, compared to just an 870,000 thousand increase for combined households under age 50. Over the next decade, there will be challenges and opportunities when dealing with these demographics.

Households age 55 and over have the highest percentage of homeownership (over 80% versus just under 70%). Many have equity and income to support second homes, move to retirement communities if so inclined, and are able to pay for assisted living facilities (ALFs) if the need should arise. HUD/FHA mortgage insurance is actively used to help promote unsubsidized elderly rental housing (Section 231), ALFs and nursing homes (Section 232) within this market. We will have an increased role as we move forward to streamline the processing of these loans.

We observe the apartments in our portfolio, in particular our subsidized portfolio, and note the aging population. Our Section 202 (subsidized elderly housing) average age is approaching those of assisted living facilities (i.e., over 80) and many residents need services that go beyond what a typical Section 202 can provide. There are many examples of “aging in place” that owners and managers are using to help residents stay in their existing homes.

We are currently processing this year’s Assisted Living Conversion Program that provides grants to help HUD-assisted elderly housing make physical modifications so that portions of these facilities can be licensed as ALFs. But for the most part, there is a lack of funding for services for frail individuals within existing elderly housing. Our Service Coordinator program and funding helps identify and coordinate needed services for such residents, however, we are unable to directly provide services.

When was the last time you considered using HUD’s Section 231 Program? Well, now may be the time to reconsider. This program insures mortgage loans to facilitate the construction, rehabilitation and purchase of detached, semi-detached, walk up or elevator-type rental housing (consisting of eight or more rental units) designed for elderly or disabled individuals. Although already a successful program, it is now included in MAP (Multifamily Accelerated Processing).

When processing an application under Section 231, the underwriting instructions and procedures set forth for the basic Section 207 Rental Housing Program prevail, except as noted in Handbook 4570.1. Although similar in nature to Sections 221(d)(3) and 221(d)(4), there are some differences between the Sections of the Act. Some points to remember with this Program are:

(1) For new construction cases, Section 231 is a replacement cost program like Sections 221(d)(3) and 221(d)(4). For substantial rehabilitation cases, Section 231 is a value-limited program like Section 207. At Firm

About 40 percent of the residents of older federally subsidized Section 202 properties are over age 80. Service Coordinators help in the coordination of, referral to, and delivery of supportive services that help seniors age in place. Before HUD even funded Service Coordinators, nonprofit housing providers were hiring people to link frail residents with services available in the community. HUD funds Service Coordinators through operating budgets and through specific grants.

Even without giving direct help, Service Coordinators provide access to services for elderly residents who otherwise would not be able to stay in their homes.
Commitment, an “as is” value and a value after the completion of rehabilitation are required.

Section 231 mortgages have the same restrictions on mandatory meals and services, central kitchens and dining areas, and non-shelter spaces as Section 221(d)(3) and 221(d)(4) mortgages. Currently institutional central kitchens are not permitted, nor may the project provide meal services on other a mandatory or optional basis. However, that may change. Please contact us if this is an issue for your project. The prohibition does not preclude the installation of modest (non-luxury) equipment in a common use kitchen (e.g., sink, stove, or refrigerator) in a non-shelter space for use of tenants or by outside entities providing catered meals.

The FHA Section 232 Program has many advantages over conventional financing, such as non-recourse debt and fully assumable, up to 40-year amortization. Prepayment terms are negotiable, there is a fixed interest rate throughout loan term, and secondary financing is permissible and payable from surplus cash within HUD approved limits.

During Fiscal year 2006, HUD endorsed 68 assisted living/board & care facilities and 156 nursing homes. This was 24% of the loans endorsed under basic FHA programs.

FHA Section 232 Program, Health Care Financing

America’s senior population is showing steady growth. In 2002, the U.S. Census Bureau estimated that there were 61 million people over age 55 and their numbers are projected to grow over 103 million in 2025. This growth will increase the percentage of the population aged 55 or older from 22 percent of the nation’s population to 30 percent. Within this population segment, there are many questions and concerns we will face such as aging in place and ever increasing healthcare needs. One such way we can meet this need is for developers to take advantage of HUD’s Section 232 mortgage insurance program to finance health care facilities such as nursing homes, board and care facilities, and assisted living facilities.

This program can be used for existing rental residential healthcare properties either for acquisition or refinance, as well as to fund construction for a new facility or to substantially rehabilitate older facilities. Eligible borrowers include individuals, limited liability companies, partnerships, trusts, private corporations, nonprofit corporations, and public bodies. Contact a MAP-approved Lender today through www.HUD.gov for a detailed discussion of terms and conditions!

Be Ready For Emergencies

* Prepare
* Plan
* Practice

Have supplies on hand in case of an emergency
* Water
* Batteries
* First aid kit
* Tools
* Maps
* Fire extinguisher
* Prescription medications

Talk with family and friends so they know where you will be and what you will do in case of an emergency.

More information at: www.ready.gov

2. Income Limits

3. Procedures for taking applications and selecting from the waiting list.
   * Taking Applications. The plan must include policies for taking pre-applications.
   * Preferences – Indicate whether or not the property has adopted preferences, and any rating, ranking, or combining of the preferences that will affect the order in which applicants are selected from the waiting list.
   * Income-targeting. This applies to Section 8 properties only. The plan must describe the procedures used by the owner to meet the income-targeting requirements, if applicable.
   * Applicant screening criteria. How will the property’s standards be used to screen for information on drug-related or criminal activity as well as other screening criteria?

4. Occupancy standards. What standards are used by the owner to determine an appropriate size unit and procedures to place families on lists for more than one bedroom size.

5. Unit transfer policies. Include procedures for selecting between applicants on the waiting list and current residents who need a unit transfer due to family size, changes in family composition, deeper subsidy, medical condition, or need for an accessible unit.

6. Policies to comply with Section 504, the Fair Housing Act, and Title VI.

7. Policy for opening and closing the waiting list. Policy must describe how the waiting list is maintained.

8. Eligibility of college students.

9. In addition to the required topics, there are several other topics recommended for inclusion in your Plan. Some of these are:
   * Applicant notification and opportunity to supplement information already provided.
   * Procedures for identifying applicant needs for the features of accessible units or reasonable accommodations.
   * Updating the waiting list.
   * Policy for notifying applicants of changes to the Tenant Selection Plan.

Excess Income

The Department of Treasury has requested that HUD start processing the reporting and collection of Excess Income using the services of the Bank of America.

Effective October 1st, 2007, the owners and management agents required to prepare form HUD-53104 will start sending this form, and any accompanying checks, to the following address:

HUD Multifamily Excess Rental Income Payments
P. O. Box 105423
Atlanta, GA 30348-5423
and non-prescription medicines in Chapter 5 to state that to be eligible as a medical expense, it must be recommended in writing by a licensed health care provider and that the drug is for a specific condition diagnosed by a physician or health care provider.

Added a note advising that leases may need to be conveyed in languages other than English for LEP persons in Chapter 6.

Added in Chapter 7 that the owner must pay the costs of a unit transfer if the resident is being transferred as a reasonable accommodation unless doing so would be an undue financial and administrative burden for the owner.

Added revised language to the model lease.

Added revised language in paragraph 23 of the model lease, as the existing language is not supported by statute.

Acquisition or Refinance. The Mortgage Term cannot exceed 35 years of the remaining economic life of the physical improvements.

The maximum insurable mortgage is based on the lesser of the following:

* 85% of HUD appraised value
* 85% of net income
* 85% of acquisition or refinance cost

Non-profit Sponsor
* 90% of HUD appraised value
* 90% of net income
* 90% of acquisition or refinance cost

New Construction or Substantial Rehabilitation. The Mortgage Term cannot exceed 40 years of 75% of the remaining economic life of the physical improvements in the case of a substantial rehabilitation. For new construction projects, HUD insures the construction loan and will automatically convert to a 40-year amortized permanent loan upon satisfactory completion of construction.

The maximum insurable mortgage is based on the lesser of the following:

* 90% of HUD appraised value
* 90% of net income
* 95% of HUD appraised value
* 95% of net income

HUD’s Assisted Living Conversion Program

The goal of the Assisted Living Conversion Program (ALCP) is to provide private nonprofit owners of eligible developments with a grant to convert some or all of the dwelling units in the project into an Assisted Living Facility (ALF) for the frail elderly, which must be licensed and regulated by the State.

Assisted-Living Facilities (ALFs) are designed to accommodate frail elderly and people with disabilities who can live independently but need assistance with activities of daily living (e.g., assistance with eating, bathing, grooming, dressing and home management activities.) ALFs must provide support services such as personal care, transportation, meals, housekeeping, and laundry.

Funding covers the basic physical conversion of existing project units, common areas and services space. There must be sufficient community space to accommodate a central kitchen or dining facility, lounges, recreation and other multiple-areas which are available to all residents of the project. In addition, the State must provide supportive services either directly or through a third party.

The ALCP can provide much needed help to nonprofits who are looking to convert to assisted living facilities. However, there are several challenges that must be overcome in order to make the conversion work. Financing supportive services must be secure enough to attract long term development investors. Deadlines and eligibility requirements must be coordinated between HUD and third parties. Some nonprofits may even face situations where mortgage lenders require a guarantee of Medicaid funding for services before releasing funds for housing development. However, the State Medicaid agency requires facilities to obtain state assisted living licenses before allocating Medicaid funds and the State assisted living licensing agency will not provide a license until a facility is completely developed and operational.

Forms HUD-9887/9887-A Have Been Revised

As of February 2007, HUD-9887, “Notice and Consent for the Release of Information,” and Form HUD-9887-A, “Applicant’s/Tenant’s Consent to the Release of Information,” have been revised. The major change was to add the Department of Health and Human Services (HHS) National Directory of New Hires (NDNH) as a verification source. Once the NDNH data becomes available to multifamily owners and management agents (O/As) through the Enterprise Income Verification (EIV) system, the tenant’s signature on the forms will give consent to the O/A to use NDNH data to verify their income. In addition, O/As have been added throughout the forms as one of the parties the tenant is giving consent to for the release of information.

This notification was made by the RHIP Listserv on March 6, 2007. If you have not already done so, please sign up for the Listserv at:

www.hud.gov/offices/hsg/rhpay/mnrhpay.cfm,

click on “Multifamily RHIP Tips” under “Want More Information?”
Reverse Mortgages

HUD created one of the first reverse mortgages, a kind of loan that can help seniors age in place. HUD’s reverse mortgage program is a private insurance loan that lets a homeowner convert part of the equity in their homes into tax-free income without having to sell the home, give up title, or take on a new monthly mortgage payment. Reverse mortgages are available to individuals 62 or older who own a home. No mortgage payments are due during the life of the loan. Borrowers can choose to receive the proceeds from a reverse mortgage as a lump sum, fixed monthly payments for as long as they reside in their home, a line of credit, or as a combination of monthly income and line of credit.

Seniors can use the funds any way they wish - for home repairs and improvements, healthcare expenses, in-home care, education, and supplemental retirement income. A reverse mortgage becomes payable when the borrower sells the home or permanently moves out. The repayment amount can’t exceed the current value of the home. For more information, see http://www.hud.gov/offices/hsg/hcouncil/hecmhome.cfm

Program of All-Inclusive Care for the Elderly - PACE

Imagine truly comprehensive care if you are an elderly frail person in your home. You wake up in the morning and a geriatric aide arrives to help you bathe, get dressed, and prepare breakfast. A van comes to pick you up and brings you to an Adult Day Health Center, where you have access to meals, social activities, laundry service, a dentist, speech therapy, occupational and physical therapy, podiatry, an optometrist, a gym, nurses, and on-site doctors. At the end of the day you are taken home and perhaps assisted again by an aide. This is a day in the life of a participant in On Lok Senior Health in San Francisco, California, which served as the model for a national program of comprehensive care for the elderly.

The Program of All-Inclusive Care for the Elderly (PACE) is a capitated benefit authorized by the Balanced Budget Act of 1997 (BBA). PACE features a comprehensive service delivery system and integrated Medicare and Medicaid financing. The model was tested through the Center for Medicare and Medicaid Services (CMS) demonstration projects that began in the mid-1980s.

The PACE model was developed to address the needs of long-term care clients, providers, and payers. It promotes aging in place for participants and allows providers to deliver all services participants need rather than be limited to those reimbursable under the Medicare and Medicaid fee-for-service systems. As a permanent entity within the Medicare program, participating states must include PACE as an optional Medicaid benefit before the State and the Secretary of the Department of Health and Human Services (DHHS) can enter into program agreements with PACE providers. Participants must be at least 55 years old, live in the PACE service area, and be certified as eligible for nursing home care by the appropriate State agency. As the sole source of services, PACE provides participants with assessment by an interdisciplinary teams, consisting of professional and paraprofessional staff, the development of care plans, and integrated social and medical services primarily in an adult day health center, supplemented by in-home and referral services in accordance with the participant’s needs. If the participant is not low-income, they can pay monthly premiums equal to the Medicaid capitation amount but no other out-of-pocket expenses. PACE service providers receive monthly capitation payments for each participant and assume full financial risk for participants’ care without limits on amount, duration, or scope of services.

Management Agent Change of Address

Did you know that if your company moves you may have to change your address in APPS? For those management agents who have entered their baseline in APPS, whenever they have an address change, they must access APPS to make the change. HUD staff no longer own the database, and can no longer assist with the address change. Those agents who have not entered a baseline in APPS may still notify their Project Manager of the address change. The Project Manager will advise HQ staff of the change and HUD systems will be updated.

Fighting Back Against Identity Theft

* Shred documents with personal information
* Don’t carry your Social Security card in your wallet/purse
* Don’t give out personal information on the phone
* Never click on links sent in unsolicited emails

More information at: www.ftc.gov/idtheft

Violence Against Women’s Act

Recently we have received a number of questions about the Violence Against Women’s Act (VAWA). On June 23, 2006, the Office of Public Housing published Notice PIH 2006-23 titled Implementation of the Violence Against Women and Justice Department Reauthorization Act of 2005. The law prohibits the evasion and/or removal of assistance from certain persons living in public or Section 8 assisted housing if the grounds for such action is an instance of domestic violence, dating violence, sexual assault, or stalking, as those terms are defined in Section 3 of the United States Housing Act of 1937 as amended by VAWA (42 U.S.C. 13925).

Many multifamily housing owners were wondering if this notice applied to multifamily housing as well as public housing. Multifamily housing owners should be aware of the Act, but will not be required to implement its requirements until Housing issues guidance in the near future. To learn more, please visit:


Change 2 to Handbook 4350.3 REV-1

On June 29, 2007, Change 2 to Handbook 4350.3 REV-1 was issued. Although the changes are effective June 29, 2007 owners and/or management agents had 90 calendar days, or until September 24, 2007, to implement those changes requiring modifications to their TRACS software.

Some of the most notable changes to the Handbook are as follows:

- Added requirements for determining the eligibility of college students for assistance in Chapter 3. Also added the eligibility of students to receive assistance as a required topic for the Tenant Selection Plan in Chapter 4.
- Added the owner’s responsibility to market projects to those least likely to apply includes marketing to the LEP population in Chapter 4.
- Added in Chapter 4 that in addition to receiving applications onsite, owners may also send out and receive applications by mail or make reasonable accommodations for persons with disabilities, if requested.
- Added new language stating that an applicant or resident may review their file upon request or by a third party who provides signed authorization for access from the applicant or resident in Chapter 4.
- Added in Chapter 5 that past one-time nonrecurring medical expenses that have been paid in full are not applicable when calculating anticipated medical expenses at move in.
- Changed language in Chapter 5 to reflect that verifications are now valid for 120 days.
- Added language that minimum rent does not apply to Rent Supp/RAP, BMIR, Section 202 PAC, Section 202 PRAC or Section 811 PRAC properties.
- Added income inclusions of financial assistance in excess of tuition for persons enrolled as students at an institution of higher education in Chapter 5.
- Changed language regarding nutritional supplements

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