

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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State Weatherization Assistance

The Department of Energy's (DOE) Weatherization Assistance Program (WAP) received \$5 billion under the American Recovery and Reinvestment Act of 2009. On January 25, 2010, DOE amended its WAP regulations to reduce procedural burdens for certain HUD-assisted multifamily and public housing buildings. Under the rule, buildings identified by HUD and included on a list published by DOE, meet the WAP income eligibility requirements without the need for further evaluation or verification, and may meet certain additional program requirements. These buildings are included on a list published by DOE currently available at: http://apps1.eere.energy.gov/wip/eligibility_hud.cfm.



The lists fall into two categories:
 List # 1: Contains public housing, as well as HUD-assisted multifamily housing with 3 or more years remaining on their Assistance Contracts; and List # 2: Contains HUD-assisted multifamily projects with less than 3 years remaining on their Assistance Contracts.

Owners of these projects may need to provide further verification to satisfy DOE's procedural requirement that residents in multifamily projects be protected against rent increases following weatherization improvements.

Owners of the buildings included in the lists published by DOE, however, must still satisfy all applicable eligibility

requirements, including an assurance that the benefits of weatherization assistance will accrue primarily to the low-income tenants. States may also require financial participation by the owner. The presence of a project on a list, however, does not mean that funding is automatically available for weatherizing that project. States are not required to establish a prioritization for the weatherization of multifamily buildings.

Where funds are available for multifamily weatherization, project owners and operators are strongly encouraged to apply for the weatherization program, which can provide an energy audit and finance up to \$6,500 per unit for energy-saving upgrades, such as insulation and upgrading heating and cooling systems. Project owners that were not accepted for funding under HUD-administered Recovery Act programs, such as the Public Housing Capital Fund Competitive Grants and the Green Retrofit Program, may find that in some states the weatherization program can finance the proposed efficiency measures.

To build on these DOE regulatory changes, HUD will schedule informational webcasts providing background information on WAP. Information regarding the dates and times of the webcasts will be provided in the coming weeks.

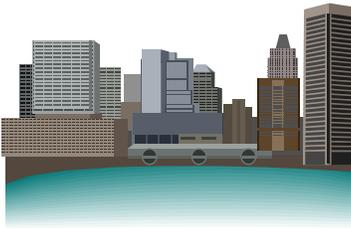
Contact information for State Weatherization Agencies is available on DOE's web site at:

http://apps1.eere.energy.gov/weatherization/state_contacts.cfm.

(Note: Local weatherization service providers are also listed on the individual State websites).



Baltimore ELA Conference



The Eastern Lenders Association (ELA) held its 6th Annual Conference in Baltimore, MD on March 15-17, 2010. In attendance were 193 lenders (44 companies), consultants/attorneys (14 firms), and HUD staff (5

Hubs). Also, the following HUD Headquarters' staff provided presentations: Carol Galante, Chris Tawa, Dan Sullivan, and Terry Clark.

Among the topics discussed were: "The Changing Playing Field," new HUD closing documents, LEAN health-care process update, housing preservation, Washington legislative update, market trends, processing updates, as well as a Hub Directors' panel discussion.

LEED-Certified Section 202 Project

A new Section 202 project in our Pittsburgh Program Center is being developed as that office's first LEED-certified elderly housing project.



North East Manor, a 27-unit elderly property to be located in Erie, had an initial closing on March 8, 2010. HUD provided \$4,111,700 in Section 202 capital advance funds for the construction of the building. It will incorporate LEED architectural design and construction to obtain the highest energy efficient building. The non-profit sponsor, Community Action Partnership of Mercer County, engaged the services of a LEED consultant which performed an energy assessment of the building regarding insulation, heating, lighting and cooling aspects. It is expected that North East Manor will receive a Silver Certification by the United States Green Building Council.

The project will incorporate the following LEED items into its construction to provide long term benefits to the residents, owner and management agent of the building:

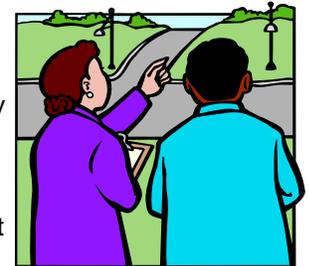
- Adhesives, sealants, and sealant primers to meet the South Coast AQM#1168.
- Paints, coatings, primers, stains, sealers to meet Green Seal 11, 03, and South Coast AQM #1113.
- All floor covering to include coatings, carpet, tile to

meet Green Label Plus program with VOC limit of 50 g/l.

- All wood/wood composite and or agrifiber products inside building shall be UF free.
- All wood framing products shall be 100% FSC-certified.
- All roofing to have SRI of 29 or greater.
- Energy Star rated appliances.
- Energy Star fixtures where applicable with CFL bulbs.
- Motion Sensors.
- Construction waste recycling
- All water fixtures to meet LEED standards for gpf/gpm.

Revision to Criterion 4 of Form HUD 2264-A

Historically, HUD has included the cost of the land associated with dwelling use, plus the building costs, in the per unit Statutory Mortgage Limits.



This practice, however, inadvertently prevented the development of needed housing in areas where the cost of land suitable for multifamily development is very high.

Effective March 16, 2010, HUD will no longer include the cost of the land in the calculation of the per unit mortgage limits. Accordingly, a revision has been made to Form HUD 92264-A, "Supplement to Project Analysis."

For further details, please see Mortgagee Letter 2010-10, dated March 16, 2010:

<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/index.cfm>

Energy Efficiency Grants

NJHMFA has launched the Multifamily Weatherization Assistance Program. This program will provide \$30,000,000 in grants to qualifying NJHMFA-financed projects for energy efficiency measures. Please go to www.njgreen.gov/recovery to learn more about the program guidelines and the application process. Note that Part I (Eligibility Round) of the application must be returned to NJHMFA by 2:00PM, April 23, 2010.



Hot Pittsburgh Market

The March 6, 2010 issue of the Pittsburgh Tribune-Review published an article on the hot multifamily housing market in Pittsburgh, PA. The article stated that there at least five major Section 221(d)(4) applications are in the works to satisfy demand from renters and investors.



One of the projects is a proposal for 220 apartments in the former State Office Building, Downtown. Millcraft Industries Inc. recently completed the purchase of the 16-story building, paying \$4.6 million. "We are considering the 220 apartments for the building, but we also would consider an office tenant who offers to occupy the entire building," said Lucas Piatt, Millcraft Industries' executive vice president. He said there are no plans to convert the building into a hotel.

Other projects, in the planning stage, include the conversion of the former Goodwill Industries headquarters building into 64 apartments in the South Side; 100 units in the Oakland Portal project in Oakland; and 112 units in the Highland Building in East Liberty. The former South Side Vo Tech School, with 71 units, is under rehabilitation.

Apartment buildings are holding their value during difficult economic times. What's driving the demand for apartments is the low vacancy rates, with Pittsburgh having among the lowest in the nation," said Paul D. Griffith, managing director for Integra Realty Resources in Pittsburgh. Pittsburgh's apartment occupancy rate of 96.6% is ranked No. 1 in the nation, according to a mid-year 2009 survey by M/PF Research, a Texas firm that tracks rental markets.

The South Side Vo-Tech project has received a firm commitment, and the other four have expressed interest but not submitted an application. Two area apartment complexes, not involving HUD,- the Morrowfield in Squirrel Hill with 156 units and the Waterford in Collier with 315 units- are on the market and have attracted interest from investors, said Cynthia Kamin, senior vice president, CB Richard Ellis.

"About 70% of the inquiries, including some offers, have come from out-of-town investors," she said. Recently, out-of-town buyers are getting more competition from local buyers, she said. In the past, 70% of the buyers were from out of town. Recently, they consist of 50%, she said.

Out-of-town buyers bought, through conventional financing, three major apartment complexes within the past 12 months. Brookview Associates, an affiliate of St. Louis-based developer Brookview Group Ltd., paid \$10.2 million for the 241-unit Penn Towers in Wilkins; Morgan Management LLC of Pittsford, N.Y., paid \$11.6 million for the 291-unit Westpointe Apartments in Robinson; and Morgan Communities of Pittsford purchased the 232-unit Lincoln at North Shore. No sales price was released.

Market Analysis

The following are some statistics from the 4th Quarter report of U.S. Housing Market Conditions for 2009:



- Overall, in the Mid-Atlantic area, multifamily building activity, as measured by the number of units permitted, declined in 2009 by 5,380 units to 11,480 units, or 32%. In PA, the unit reduction was a high 1,490 units.
- In NJ, the number of units permitted decreased by 4,900, or 49%, to 5,100 units.
- Vacancy rates decreased in Center City Philadelphia, from 7.4% to 4.7% from last year.
- Vacancy rates in the PA suburban counties of Philadelphia were unchanged at 7.4% from last year.
- Vacancy rates in the NJ suburbs of Philadelphia increased from 9.4% to 14.7% from last year.
- Vacancy rates increased from 3.6% to 3.9% in Central NJ, and from 3.5% to 5.2% in Northern NJ.
- Apt. rents averaged \$1,420 for the PA suburban counties (\$1,940 in Center City Philadelphia).
- Apt. rents in the NJ suburbs increased from \$1,330 to \$1,370.
- Apt. rents in Central NJ decreased by 1%, to \$1,146; and by 2% in Northern NJ, to \$1,482.
- In the Atlantic City/Hammonton area of southern NJ, apartment construction decreased significantly in the past 3 years, from 180 units in 2006 to 100 units during both 2007 and 2008. New construction rents for one, two, and three bedroom units are \$890, \$1,100, and \$1,900, respectively.

To read the entire U.S Housing Market Conditions Report, see:

www.huduser.org/portal/periodicals/ushmc/winter09/index.html.

Disabled Vet Denied Use of Service Animal

HUD has charged two Poughkeepsie, New York-area landlords with violating the Fair Housing Act for allegedly refusing to allow a Vietnam-era veteran suffering from Post-Traumatic Stress Disorder to have a therapeutic service dog in his apartment. In addition, HUD contends that the landlords, Gerald and Patrick Paribelli, who manage and own the Apartment Buildings of South Street Builders, Inc., in Highland, NY, retaliated against the veteran by threatening to evict him because he filed a housing discrimination complaint.



The Fair Housing Act makes it unlawful to refuse to grant persons with disabilities reasonable accommodations, such as changes to rules, policies or practices that allow them to fully enjoy their home. The Fair Housing Act also prohibits coercing, intimidating, threatening, or interfering with a person for having exercised their fair housing rights.

In his complaint, which was filed with HUD and the New York State Division of Human Rights, the resident alleged that the owners failed to grant his request for a reasonable accommodation when they denied his use of a service animal doctors had prescribed to reduce his post-traumatic stress, depression and seizures. Although one of the owners acknowledged that he had heard of assistance animals being used to treat these disorders, the landlords denied the tenant's requests for a therapeutic service dog because his apartment building had a "no-pets" policy. HUD's charge of discrimination also asserts that the landlords told the tenant that he would need to start looking for another place to live because he had filed a housing discrimination complaint.

The HUD charge will be heard by a United States Administrative Law Judge (ALJ) unless any party to the charge elects to have the case heard in federal district court.

Good Stories



If your project has a best practice or a good story that you would like to share with the readers of Philadelphia Multifamily Hub News, please send your write-up, in Word format, to Thomas.Langston@hud.gov.

Low-Income Housing Tax Credit Database

The Low-Income Housing Tax Credit (LIHTC) database, available to the public since 1997, was revised in February 2010 and includes information on nearly 31,251 projects and over 1.8 million housing units placed in service between 1987 and 2007. The database details the size, unit mix, construction type, financing sources, and location of individual projects.



Created by the Tax Reform Act of 1986, the LIHTC program allows authorized state and local LIHTC agencies to allocate up to \$8 billion in federal tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. HUD's LIHTC database is the only complete national source of information on individual LIHTC projects.

Here are some facts from the database:

- On average, nearly 1,450 projects and 108,000 units were placed in service in each year between 1995 and 2007.
- In that same period, 32.4% of projects were located in the South, 26.7% in the Midwest, 22.1% in the West, and 18.7% in the Northeast.
- 45.2% of the projects placed in service between 1995 and 2007 were in central cities, with 30.6% in suburbs and 24.2% in nonmetropolitan areas.
- In 2007, one-quarter of LIHTC units were located in census tracts where over 30% of households had incomes below the poverty line.

The complete 36-table data can be viewed at:

www.huduser.org/portal/datasets/lihtc.html

Housing Preservation Facts

- Today, more than 1,700 properties, nationwide, are financed with HUD direct or insured mortgages that will mature within five years. These properties offer affordable housing to nearly 200,000 families through an array of HUD rental assistance programs.
- 335,000 apartments receive Section 8 assistance that will expire within one year unless owners make the choice to renew assistance contracts.
- Owners have opted out of more than 550 Section 8 contracts in the last five years, stripping rental assistance from over 9,000 units

East Liberty “Reawakening”

The New York Times, published an article, on March 3, about the “reawakening” of the East Liberty section of Pittsburgh, PA- a neighborhood that has lost more than one million square feet of commercial space and half its population over the past 40 years.



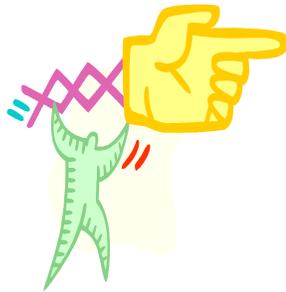
In the past decade, the city has replaced 1,400 high-rise public housing units with 450 new mixed-income units. In addition, a local developer, The Mosites Company, has attracted national retailers like Target, Whole Foods, Borders, Walgreen’s, and FedEx/Kinko’s to the Eastside area. Also, the University of Pittsburgh has leased 23,000 square feet of office space and Chatham University has acquired a 250,000 square foot office building for graduate programs.

The Pittsburgh Program Center had two meetings last month regarding East Liberty properties— one of which concerned a Section 221(d)(4) application for market rate housing (rehab) for about 129 units.

HUD has been an active partner for a long time assisting with the East Liberty’s transformation- especially concerning the re-use of a large parcel where multifamily housing had been demolished, for the Target store.

Filing Extension for Annual Financial Statements

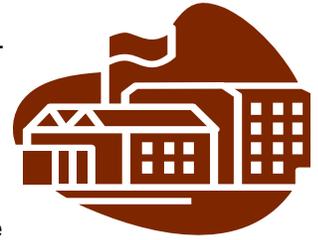
Due to system performance problems, many Multifamily property owners have not been able to submit their financial statements due March 30, 2010 (for owners with a fiscal year ending December 31).



As a result, the Office of Asset Management has authorized REAC to implement a blanket 30 day extension for fiscal year end 12/31/2009 only. Owners/auditors do not have to request an extension in FASS; the extension will be automatically implemented. The new FASS due date is 04/30/2010. This also means that owners who submit on or before 4/30/2010 will not be referred to the Departmental Enforcement Center.

Adaptive Reuse of Former School

In June of 2009, the Pittsburgh Program Center had a loan closing on the South Hills Retirement Center. The school is located in the Mount Washington section of Pittsburgh and has sat empty since closing in 1986. The adaptive reuse of the building (built in 1906) will include 84 affordable senior apartments and 22 market rate elderly units.



Also, the building will incorporate 15,000 square feet of commercial space. The \$25,000,000 project included a Section 231 loan, Pennsylvania low-income housing tax credits, and funding through the City of Pittsburgh Urban Redevelopment Authority. Likewise, the project received a \$500,000 Pennsylvania Energy Production Authority grant for a solar array and is applying for LEED-Gold certification.

HUD to Launch LGBT Discrimination Study

Testing for housing discrimination based on race, color, national origin, religion, sex, family status or disability is a relatively simple proposition. Pairs of “testers” of various backgrounds seek housing and try to determine if they are treated differently by landlords, real estate professionals, or home sellers. But testing for housing discrimination based on sexual orientation or gender identity may not be quite so obvious.



As HUD prepares to launch a ground-breaking new study on housing discrimination against members of the lesbian, gay, bi-sexual, or transgender (LGBT) community, Assistant Secretary for Policy and Development and Research Raphael Bostic hosted a listening tour in New York, Chicago, and San Francisco to find out exactly how this can be accomplished. Advocates and members of the LGBT community were able to use the town halls as platforms to tell their personal stories and provide feedback on how to best design this unprecedented study. Citizens unable to attend the town halls meetings can provide their feedback and comments through HUD’s LGBT Discrimination Study website. Feedback received from the town hall meetings and the new website will guide HUD on how tests for housing discrimination based on LGBT status should be completed. While there are no national assessments of LGBT housing discrimination, there are state and local studies that have shown this sort of bias. A study conducted by Michigan’s Fair Housing Centers found that nearly 30% of same-sex couples were treated differently, when attempting to buy or rent a home.

Atlantic City Must Change with the Times

On March 7, 2010, the Courier-Post newspaper published several articles regarding the plight of the gaming industry in Atlantic City and its impact on Atlantic City, NJ, where many residents of 20 HUD-subsidized projects are employed.



In 2009 alone, New Jersey gaming will have delivered close to \$1 billion in state and local taxes - with more than \$400 million dedicated to seniors and disabled. Furthermore, an additional \$2.2 billion of goods and services will have been purchased from New Jersey businesses throughout the state, generating another 20,000 jobs. Despite these facts, the present gaming model, and its focus on the day-trip market is broken, as evidenced by six of the 11 casinos in Atlantic City being either in bankruptcy, or in the midst of major debt restructuring.

The resort needs to generate new customers and revenues to overcome the lure of convenience gambling on the New Jersey borders. Governor Chris Christie's office said the combination of the recession, increased mid-Atlantic competition and frozen capital markets has shrunk gaming revenues and jobs. On top of that, the Atlantic City Convention and Visitors Authority spends less than \$4 million on marketing the resort, compared to over \$100 million for Las Vegas.

Although the recession is a major contributing factor, the downfall really began when competition from Pennsylvania slot parlors started in 2006. In 2009, casino revenues fell 13.5% and with table games coming to Pennsylvania this year, and two casinos set to open in Philadelphia, the future looks grim. The key to a turnaround is to get people to the resort the first time and once they're there, providing them with an experience so they want to return.

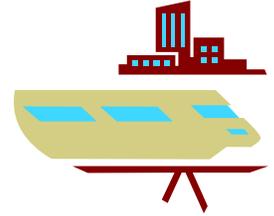
The resort needs a cohesive marketing campaign to rebrand away from gaming. "Atlantic City needs to reinvest in itself so when the economy turns around, we'll be in a position to make it work here," said Jeff Vasser, executive director of the Atlantic City Convention and Visitors Authority, the state agency charged with promoting the resort.

Casino experts and executives agree that the survival of Atlantic City requires visitors who stay for two or three days. The resort must become a destination for people who come from further away. It requires more non-gaming amenities, more air service and more

convention business mid-week.

Sustainable Communities

Over the last month, senior HUD officials traveled to metropolitan areas across the United States, including Denver, Miami, Albuquerque, Los Angeles, St. Louis, Hartford, and Cleveland, to listen to Americans' ideas on how the Federal government can partner with localities to create more sustainable communities.



After launching the new Office of Sustainable Housing and Communities (OSHC) in early February, Secretary Donovan announced a national competition for \$100 million in planning grant money to help fund bold new pilot projects to connect housing investments to transportation and jobs. With these funds, HUD expects to award grants to between 10 and 15 regions around the country to help them realize their sustainability visions and help our central cities, suburbs and the rural areas around them become laboratories for reform - creating an assortment of innovative practices from which communities around the country can launch their own unique development plans. Announcing new grant programs is not something new for HUD, but there's a twist to this one. To improve the process, HUD has asked stakeholders for their opinions about our grant program at: www.HUD.gov/sustainability.

The Sustainable Communities initiative isn't about a one-size-fits-all approach where Washington dictates how communities can or can't grow. Rather, it's about offering localities the resources and tools to help them realize their own visions for creating jobs for the 21st century located closer to where people live, healthier neighborhoods where kids can play outside and breathe clean air, and more inclusive communities with opportunities for all. That's why Deputy Secretary Ron Sims and OSHC Director Shelley Poticha traveled around the country over the last few weeks listening to citizens discuss how these planning grants can best be used to spur local innovations that help your community grow more sustainably. They both came back to Washington with valuable feedback that is being used as the final Notice of Funding Availability is developed.

Loan Closings



The following multifamily loans closed in March 2010: *Insured*- PA: South Hills Apts., Harmon House, Highland Park, and Emerald Point; and *Section 202*- PA: North East Housing for the Elderly.