

# PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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[www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa](http://www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa)

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### 20-Year HAP Contracts



The loss of Section 8 affordable housing units due to conversions to market rate housing (i.e., "opt-outs") is a major concern to HUD.

In this year's Management Action Plan, HUD has established national goals to preserve occupied units. One of the primary tools to accomplish this is the approval of 20-year Housing Assistance Payments (HAP) contracts. In the past, HUD has allowed 20-year contracts, subject to a number of contingencies, including rehabilitation, refinancing, and an energy audit. These components are no longer required.

Twenty-year HAP Contracts offer a number of benefits to owners:

- A stable, long-term income stream (even during depressed market conditions).
- Annual rent increases through the OCAF or budget process.
- Securitization of financing to rehabilitate or remodel a project.
- No need to request contract renewals each year, or every 5 years.
- Preservation of affordable housing.

Most projects are eligible to apply for 20-year HAP Contracts (i.e., those that do not have serious

unresolved physical, financial, or management deficiencies). Interested owners are encouraged to contact their Project Manager in their respective HUD Program Center 120 days before contract expiration—just like a typical renewal. The terms of existing contracts can be extended out to 20 years from the original execution date. For example, if a contract is at the end of the 2nd year of a 5-year contract, HUD can amend the existing contract term for an additional 18 years.

If the project is in the midst of a multi-year contract, owners can come in any time for a contract amendment and HUD can extend it out to 20 years from the date of the request. Owners with projects with preservation contracts may also request a contract term not to exceed the remaining term of their use restriction.

Twenty-year contract requests can, similarly, be made in conjunction with an FHA refinance application. Upon the receipt of an owner's request, the HUD Project Manager will process the 20-year renewal concurrent to the submission of the FHA application.

### Electronic Payments



As HUD continues its effort in the implementation of the Government Paperwork Elimination Act, it is changing the collection process for Section 201 Flexible Subsidy loan

payments and Section 202 Elderly and Disabled Housing mortgage payments from paper to an electronic submission directly to the Department of Treasury at: [www.pay.gov](http://www.pay.gov).



Happy Holidays!

### **First Smart Rehab Project**

The Presbyterian Apartments, in downtown Harrisburg, is the first development in Pennsylvania to receive approval from the Pennsylvania Housing Finance Agency's (PHFA) "Preservation through Smart Rehab Program." Presbyterian Apartments is owned and managed by Presbyterian Senior Living of Dillsburg, Pennsylvania.



The funding for Presbyterian Apartments is a grant and will be utilized to provide energy upgrades and replacement efficiencies. The Smart Rehab Program includes funding from the Weatherization Assistance Program, as administered by the state Department of Community and Economic Development, the John D. and Catherine T. McArthur Foundation, the U.S. Department of Agriculture Rural Development, and PP&L.

The Presbyterian Apartments were developed in 1967 and contain 165 units of Section 202 Senior Housing. The building has 23 stories and is one of the tallest in Harrisburg. It has been an anchor and destination point for senior citizens on 2<sup>nd</sup> Street. This landmark location is in close proximity and walking distance to all services in the state capitol. The rebirth and activity in downtown Harrisburg, and particularly Restaurant Row on 2<sup>nd</sup> Street, is an integral part of the vibrant lifestyle enjoyed by the residents of "the Apartments."

The Preservation through Smart Rehab Program provides for upgrades and/or replacement of existing equipment and systems identified in an energy audit to reduce energy and improve the quality of life for the residents. The estimated Life Cycle Energy Savings will be significant utilizing the recommendations from the Smart Rehab Program and extend the affordability for the units at Presbyterian Apartments.

The staff at Presbyterian Senior Living and PHFA worked closely to coordinate this significant revitalization process including a comprehensive Energy Audit. The recommendation of the Energy Audit included electrical, mechanical, building envelope, and water implementation measures.

Presbyterian Senior Living has an 80+ year history of caring and providing services at 26 communities located in Pennsylvania, Maryland, Delaware and Ohio to approximately 5,000 residents annually. Presbyterian

Senior Living considers the Smart Rehab Program an innovative approach to addressing the energy efficiency of Pennsylvania's existing HUD portfolio. By blending resources from PHFA and DCED (Dept. of Community and Economic Development) and other funders, the housing needs of Pennsylvania's elderly will be addressed with cost effective measures.

### **2011 Operating Cost Adjustment Factors (OCAFs)**



The Operating Cost Adjustment Factors (OCAF) for 2011 were published in the November 8, 2010 *Federal Register* (Vol. 55, No. 215). They are effective February 11, 2011.

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 for the Hub are as follows: PA- 2.0; NJ- 1.8; DE- 1.5; and WV- 3.2; US Avg.- 1.7. See:

<http://www.hud.gov/offices/hsg/mfh/mfhsec8.cfm>.

### **Building Permit Database**

HUD's Office of Policy Development and Research has available for review a building permit database that includes data from approximately 9,000 states, counties, Metropolitan Statistical Areas, and Core-Based Statistical Areas (CBSAs).



This resource contains data on permits for single and multifamily residential construction issued by about 21,000 jurisdictions, with monthly data available from January 1997 through September 2010. The site also has an interactive map that displays totals of available monthly data for building permits for the year 2010. You are also directed to the U.S. Market Conditions Report.

Here are links to the database and the report:

<http://socds.huduser.org/permits/index.html>

<http://www.huduser.org/portal/periodicals/ushmc.html>

### **Proof of Social Security Income**

It has come to our attention that some owner/agents (O/As) are still advising tenants to obtain proof of their Social Security income from local Social Security Administration offices. With the Enterprise Income Verification (EIV) system now providing this information, and as indicated in Housing Notice 10-10, O/As must not send tenants to local SSA offices to obtain proof of their Social Security income. Instead, the O/A must ask the tenant to request benefit information from SSA using the SSA website or its toll-free number.



To request a Proof of Income Letter from SSA's website, go to: <http://www.socialsecurity.gov>. From the left side bar:

Select "What you can do online"  
 Select "If you get benefits"  
 Select "Request a Proof of Income Letter"

Tenants should check the box "All Benefit Information Available" to make sure all benefits received are provided.

To request a Proof of Income Letter from SSA's toll-free number, call 1-800-772-1213. This information is free and the tenant should receive the letter in the mail within 10 days.

### **PennDel AHMA Wins Awards!**



NAHMA has selected the PennDel AHMA to receive two prestigious awards for 2010: the AHMA of the Year Award— small AHMA category, and the AHMA Communities of Quality Program Award— small AHMA category.

In selecting the PennDel AHMA for the awards, NAHMA cited it as an "incredible" organization that "is truly instrumental in furthering the cause of excellent affordable housing and maintaining its high standards in the industry!"

The award ceremony will take place at the 2011 NAHMA Industry Awards Ceremony Winter Meeting, on March 7, 2011, at the Fairmont Washington, Washington, DC.

Congratulations to its hard-working members!

### **Tax Credits and Discrimination**

The case of *Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs* (N.D. Tex. 2010) raises the possibility that state housing finance agencies may be found liable of racial discrimination with respect to their allocation of low-income housing tax credits (LIHTCs).

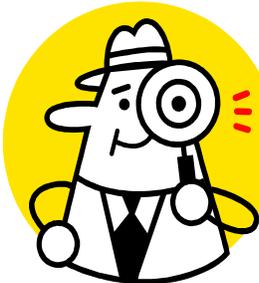


In light of this decision, state housing finance agencies are being told to review their current allocation policies. Further, owners and developers of LIHTC projects are also being advised to review their current development strategies so as to avoid potentially discriminatory patterns, as addressed in the *Inclusive Communities* case.

To find out more on this issue, see:

[http://www.nixonpeabody.com/linked\\_media/publications/Tax\\_Credit\\_Alert\\_10\\_14\\_2010.pdf](http://www.nixonpeabody.com/linked_media/publications/Tax_Credit_Alert_10_14_2010.pdf)

### **New Inspection Ordinance**



Gloucester Township, NJ has passed a new ordinance which will require rental properties in the township to be inspected each year, with landlords paying the costs. Could this be the start of a new trend?

The township is home to 6,000 rental properties and are inspected on a five-year cycle by the state Department of Community Affairs. Declining properties require more frequent inspections due, in part, to absentee landlords.

Landlords will be required to pay an annual fee of \$75 per unit for buildings with one to three units. Buildings with four or more units will pay an annual fee of \$50 per unit, plus an additional \$125 building inspection fee.

The ordinance also would impose fines if police are called to an apartment more than three times, unless the landlord has already started an eviction process.

One apartment owner, Korman Residential, with 460 units in the township, has stated that it will pass on some of the costs to renters through move-in fees. This, however, is not permissible on subsidized projects without prior HUD approval.

The inspections will start in January 2011.

## **Key Affordable Housing Rules Tossed**

Some key New Jersey affordable housing rules were tossed out by a New Jersey State Appeals Court, last month which gave the state five months to return to its old system for assigning towns specific numbers of affordable homes they must provide.



Builders and housing advocates cheered the ruling, which said the Council on Affordable Housing (COAH) can't base local housing obligations on future job and home growth because the "growth share" approach motivates towns to discourage growth in order to avoid affordable housing, as required by the state constitution.

"The State Supreme Court held that COAH's rules simply do not do enough to produce homes and jobs on the ground in New Jersey," said Kevin Walsh, attorney for the Fair Share Housing Center. "This is a message that it's time to move past the game of trying to block starter homes, especially when we need economic development in New Jersey."

"Municipalities must provide a realistic plan for low- and moderate-income housing which includes compensatory benefits to reduce development costs so that affordable housing can be produced," said Tom Critelli, the New Jersey Builders Association president. "The court never intended that the private sector should be the sole responsible party for building affordable housing in New Jersey. This decision solidifies that position."

The 72-page ruling addressed 22 separate challenges to COAH's second attempt at adopting third-round rules, which were supposed to have been in place in 1999. The courts overturned the first batch of third-round rules.

Housing advocates didn't win all of their appeals. In one section of the ruling, for instance, Fair Share Housing Network lost its request that the state be ordered to stick with the projected housing need calculated by former Gov. Jon Corzine's administration of more than 115,000 units statewide. Municipal governments lost all of their claims. The New Jersey State League of Municipalities said it was pleased housing obligations that counted things such as highway medians, as space available for development, were struck down but was disappointed the court invalidated the "growth share" concept.

This decision poses more questions than answers, and underscores the clear and undeniable need for legislative reform to the Fair Housing Act," said the league's

executive director, William Dressel Jr. "The process for COAH has become unwieldy, bureaucratic, and has resulted in the expenditure of millions of taxpayers dollars focused on the process."

The court ordered COAH to apply current data to the formulas it used in the 1980s and 1990s to assign housing obligations, saying the council has operated for more than a decade without valid rules and, therefore, doesn't merit another attempt at studying vacant land and developing a "growth share" formula based on residential and employment growth.

It said new rules must be adopted within five months. Gov. Chris Christie urged the NJ Assembly to pass legislation eliminating COAH, as the Senate did in June. That proposal, or a substitute for it, has not yet been considered in an Assembly committee. Action on the bill is expected shortly.

The appeals court decision, written by Judge Stephen Skillman, took note of the pending legislation but said its ruling would still serve a valid purpose if that proposal becomes a law.

## **Fair Market Rents**

The final Fiscal Year (FY) 2011 Fair Market Rents (FMRs) have been published in the Federal Register. FMRs are used in project-based Section 8 programs along with other programs requiring their use. The FY 2011 FMRs can be located in the Federal Register at:



<http://edocket.access.gpo.gov/2010/pdf/2010-24465.pdf> or on the HUD website at <http://www.huduser.org/portal/datasets/fmr.html>.

## **Service Coordination Guide**



A How-to Service Coordination Guide- a handbook for owners and managing agents of housing developments interested in developing and implementing service coordination under HUD guidelines- is available from the HUD Multifamily Clearinghouse.

You can order the guide by dialing the following telephone number: 1-800-685-8470.

### **Braille Resident's Rights & Responsibility**

The reprint of Braille Resident's Rights and Responsibility (RRR) is now available through HUD's Multifamily Housing Clearinghouse. It is also available on CDs with the encoded document for use with a Braille printer.



The RRR provides tenants with a list of their rights as tenants in a HUD assisted housing development, as well as their responsibilities. The Government Accounting Office (GAO) determined the document has a broader potential interest, and ordered additional copies that for their regional libraries for sale to the public.

The RRR brochure has been translated into thirteen languages [Armenian, Arabic, Amharic, Farsi, French (Canadian), Khmer, Korean, Portuguese (Brazil), Russian, Spanish, Tagalog, Traditional Chinese, and Vietnamese] to assist those not proficient in English to understand their rights and responsibilities.

Copies can be obtained by dialing the following telephone number: 1-800-685-8470.

### **Campus Beautification Project**



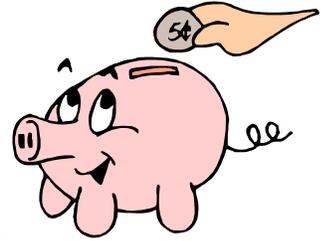
This past summer, Presby Inspired Life completed a \$120,000 beautification project of its 58th Street Section 202 campus which incorporates Ann Thomas Apartments, Mary Field Apartments, and Greenway Affordable Housing communities.

The landscaping project provides a therapeutic, central gathering area for over 370 residents, as well as a beautiful focal point in the southwest Philadelphia neighborhood. It consists of a perennial garden with park benches, engraved brick walkways, and a large wheelchair accessible gazebo, complete with outdoor electricity for evening entertainment and special events.

A great idea to improve the quality of life of elderly residents!

### **Lower Your Utility Bills**

Cooling and heating a dwelling uses more energy than any other system. Unfortunately, a large portion of that energy is wasted. By using a few inexpensive energy-efficient measures, you can reduce your energy bills by 10-50% and, at the same time, help reduce air pollution.



The following energy-conservation steps can save an average dwelling \$1,160 per year:

- Install double-pane or storm windows: \$300
- Install programmable thermostat: \$180
- Attic, floor, and wall insulation: \$160
- Close vents in unused rooms: \$100
- Use EnergyStar® appliances: \$80
- Lower thermostat settings: \$85
- Clean lint dryer filter after use: \$66
- Insulate hot water heater: \$40
- Caulk, seal & weather strip: \$40
- Use compact florescent bulbs: \$35
- Take showers instead of baths: \$28
- Use insulated curtains: \$24
- Lower hot water heater to 115° F: \$22

### **Advocacy Award**

Congratulations to the On Lok House Board of Directors for receiving PANPHA's (PA Association for Non-Profit Senior Services) prestigious 2010 Outstanding Advocacy Award.



The board received the award for being the voice of its Chinese-American residents who are unable to advocate for themselves due to advancing age and a significant language barrier.

The 55-unit project, located in the Chinatown section of Philadelphia, is managed by Presby Homes and Services.

### **Foreclosure Sale Adjourned**

The foreclosure sale of Elders Place I & II that was scheduled for November 19, 2010 was adjourned due to the owners filing a bankruptcy petition. HUD will seek to have the stay lifted.



### **A Total Collaboration Effort**

Presbyterian SeniorCare, western Pennsylvania's largest provider of eldercare services, and Affirmative Investments Inc., which facilitates affordable housing financing and development nationwide, re-dedicated Lawrenceville's newly-renovated York Commons Senior Apartments on October 21, 2010.



The conversion of 202 mostly efficiency units into 102 one-bedroom apartments will provide more spacious, updated affordable housing for low-income older adults. It is the first unit conversion approved by HUD that allowed the combination of efficiencies to create one-bedroom units.

York Commons opened in 1972 as Lambeth Apartments and had less than 50% occupancy just prior to the conversion. York Commons has commitments for 100% of its units and is managed by SeniorCare Network, the award-winning real estate management affiliate of Presbyterian SeniorCare.

Each apartment in the eight-story York Commons includes a fully equipped kitchen, wall-to-wall carpeting, individually controlled heating and air conditioning and an emergency call system. On-site laundry facilities and common areas for recreational activities and meetings are available as well.

The project represents a collaboration among HUD, UPMC, The City of Pittsburgh, PHFA, National Equity Fund, Presbyterian SeniorCare and Affirmative Investments. Additional funding partners included the Bank of New York Mellon; the Urban Redevelopment Authority; Federal Home Loan Bank of Pittsburgh; and PNC Multifamily Capital.

### **Loan Closings**

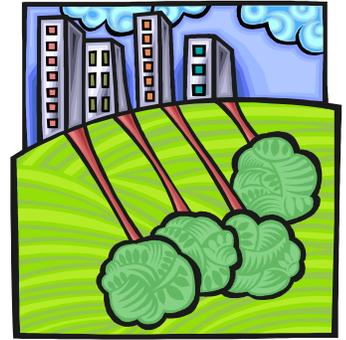
The following loan closing occurred in the Hub during the month of November 2010: Carlisle Apartments, a 22-unit Section 221(d)(4) new construction project located in Gettysburg, PA.



### **Making a Dwelling "Green"**

Three disciplines have been identified in any comprehensive plan to make a dwelling "green." They are as follows:

1. How the occupants use energy (e.g., turning off lights, programmable thermostats, shutting off water when brushing teeth, etc.).
2. How the dwelling uses energy (e.g., replacing drafty windows, adding insulation, installing efficient HVAC units, etc.).
3. How the dwelling obtains its energy (e.g., solar thermal units).



### **Residential Vacancy Report**



HUD has available for downloading the Metropolitan Area Quarterly Residential and Business Vacancy Report. This report contains information, gathered by the U.S. Postal Service, on vacant and abandoned properties. The data can be useful in tracking neighborhood changes. For purposes of this report, properties are deemed to

be vacant when no one has taken in (or been available to receive) mail for 90 days or longer. This timeframe is seen as reflecting longer-term vacancy, rather than normal turnover.

The zip file can be downloaded at:

<http://www.huduser.org/portal/datasets/usps.html>

### **Reader News**

Do you have any interesting stories or best practices that you would like to share with your fellow housing providers?

If send, please send them to [thomas.langston@hud.gov](mailto:thomas.langston@hud.gov).



Your project may be highlighted in a future issue of Philadelphia Multifamily Hub News!