

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



Vol. 9 No. 5 Encarnacion Loukatos, Hub Director Thomas.Langston@hud.gov, Editor February 2010



www.hud.gov/local/shared/working/3/mfhsg.cfm?state=pa

Inside this Issue:

- HUD's 2010 Budget.....Pg. 1
- REAC Inspection Scores.....Pg. 2
- Income & RentPg. 2
- Debarment.....Pg. 2
- EIV Webcast.....Pg. 2
- Green Retrofit Program.....Pg. 3
- FY 2010 Budget.....Pg. 3
- EIV Brochure.....Pg. 3
- LEED Buildings.....Pg. 3
- Commissioner's Priorities.....Pg. 4
- Foreclosure Sale.....Pg. 4
- Green Trends in 2010.....Pg. 4
- How to Improve Outdoor Lighting.....Pg. 4
- "Breakthrough" Articles.....Pg. 4
- Expiration of Rate Caps.....Pg. 5
- EIV Questions & Answers.....Pg. 5
- Weatherization Eligibility.....Pg. 5
- White vs. Black Roofs.....Pg. 6
- New Trends in Insulation.....Pg. 6
- Benefits of Painting.....Pg. 6
- Streamlined Permit Process.....Pg. 6
- Growing Downtown.....Pg. 6
- Basic Statutory Mortgage Limits.....Pg. 6
- Loan Closings.....Pg. 6



HUD's 2010 Budget

The following are excerpts of remarks that Secretary Shaun Donovan gave to HUD staff, on January 6, 2010 concerning the approval of HUD's FY 2010 budget:



"First of all, the budget gets the Federal government squarely back in the business of affordable rental housing at a time when our communities need it most, renewing all project-based rental assistance contracts, and in doing so, preserving more than 1.3 million affordable rental units. Most importantly of all, with a 13% increase in funding for the Housing Choice Voucher Program, we'll be able to assist more families with vouchers in FY 2010 than ever before as our housing market returns to stability. Our budget also enables us to significantly expand our ability to help American families facing foreclosure - providing over \$87 million for housing and mortgage modification counseling, an increase of more than a third of our funding in FY 09, as well as \$20 million for combating mortgage fraud.

Our budget paves the way for our innovative Choice Neighborhoods Initiative, by increasing HOPE VI funding to \$200 million- a 67% increase. Choice Neighborhoods isn't the only way that we're working to promote stronger, more sustainable

neighborhoods and communities. This month we launch our much-anticipated Office of Sustainable Housing and Communities. Headed by Shelley Poticha and funded through our \$150 million Sustainable Communities Initiative, this office will help communities integrate their housing, transportation, and energy planning efforts.

To further our sustainability work, Congress appropriated \$50 million for us to kick off our Energy Innovation Fund- providing for energy efficient mortgage and multifamily housing energy pilot programs. Just like FHA did when it pioneered the 30-year mortgage, Congress has given us the green light- and the tools we need- to spur private sector innovation in the mortgage market that will create green jobs and revolutionize the way we buy and sell homes.

But the bottom line is that we can't transform our homes or communities if we don't transform HUD itself. That's why the \$239 million Congress provided for us to get working on our Transformation Initiative is so important - allowing us to transfer up to 1% of our funding from certain Departmental accounts for technology upgrades, key research initiatives, and technical assistance efforts.

Ultimately, this budget is about providing communities with the tools they need to recover, thrive and innovate. It's about being a better partner- helping our local counterparts on the ground build the capacity they need to stabilize neighborhoods and lay a foundation for long-term growth. It's about investing not in programs and policies, but people and places. So, our budget is in place- our challenge now is to put these funds into action. That's the task ahead of us- and I look forward to tackling it together with all of you in the year to come."

REAC Physical Inspection Scores

HUD's Real Estate Assessment Center completes physical inspections of HUD-assisted and subsidized properties each year, including housing owned by public housing authorities and by private housing providers. About 20,000 such inspections are conducted annually to ensure that assisted families have housing that is decent, safe, sanitary, and in good repair.



As part of the Obama administration's effort to promote transparency and openness, HUD recently added the Overall Physical Inspection Scores to the HUD USER website. Available results are for inspections conducted from 2001 through September 2009 and can be downloaded as a comma-delimited data set from the following website:

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

Refinement of Income and Rent Requirements

The Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification System – Amendments; Final Rule, became effective on January 31, 2010. It was published in the Federal Register on December 29, 2009.



Highlights of the Final Rule include:

- Disclosure and verification of a Social Security Number for all applicants and tenants except those individuals who do not contend eligible immigration status or tenants who are age 62 or older as of January 31, 2010, and whose initial eligibility began prior to January 31, 2010.
- Mandatory use of the Enterprise Income Verification System (EIV).

The Final Rule can be found at:
<http://edocket.access.gpo.gov/2009/pdf/E9-30720.pdf>.

Debarment

Two nursing home consultants, Robert S. Ryan and Diane M. Ryan were debarred, on December 3, 2009, from future participation in procurement and nonprocurement transactions as a participant or principal with HUD and throughout the Executive Branch of the Federal Government for a 3-year period.



The consultants were employed by the Government and Educational Assistance Corporation (GEAC), a nonprofit that owned 5 HUD-insured nursing facilities. Between 2001 and 2003, they engaged in a scheme to conceal from the GEAC Board of Directors 108 unauthorized transfers of project funds, totaling \$4 million. The funds were taken from a stronger property to financially support the other failing nursing homes.

In addition, GEAC was fined \$500,000 in civil money penalties- the net amount transferred after \$3.5 million repayments were made from Medicare and Medicaid payments.

Archived EIV Webcast

The Enterprise Income Verification (EIV) 8.1.2/9.0 Instructional Course webcast has been posted to HUD's webcast page at: <http://www.hud.gov/webcasts/index.cfm>.



Owners and management agents (O/As), contract administrators and HUD staff are invited to view this webcast at their convenience. The supplemental PowerPoint slides have been posted to the Multifamily EIV website at: <http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivtraining.cfm>.

Green Retrofit Program



In HUD's employee newsletter, In-House, the following article was published regarding the Department's Green Retrofit Program:

Approximately 25,000 apartment units will become more energy efficient as the result of \$250 million in HUD Recovery Act grants. The Green Retrofit Program for Multifamily Housing was created for the first time through the Recovery Act and is designed to create thousands of green jobs as workers retrofit older

federally assisted multi-family apartment developments with the next generation of energy efficient technologies.

The new program will provide approximately 200 grants nationwide to reduce energy costs, cut water consumption, and improve indoor air quality. Eligible applicants must already be HUD assisted, either through Section 8 project-based rental assistance or the Department's Section 202 (elderly) and Section 811 (disabled) programs.

"The Green Retrofit Program for Multifamily Housing funding will not only improve our housing stock, but will lower energy costs and create green jobs in the process," said HUD Secretary Shaun Donovan. "This Administration is working overtime to ensure that Recovery Act funding will not only jump start America's economy, but will also put us on a path toward energy independence while improving living conditions for tens of thousands of lower income families."

Grants and loans provided through this program will help low-income property owners and management companies cut heating and air conditioning costs by installing more efficient heating and cooling systems and to reduce water use by replacing faucets and toilets.

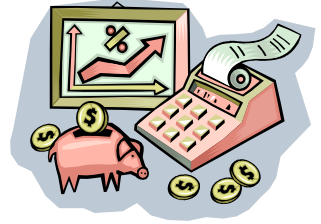
These Recovery Act funds will also produce other environmental benefits by encouraging the use of recycled building materials, reflective roofing, and low-VOC products to reduce potentially harmful "out-gassing."

The first awards under this competitive program are expected to be made in the coming weeks, and awards will continue to be made through the Spring of 2010.

HUD FY 10 Budget

We are pleased to report that the FY 10 HUD budget that was recently enacted contained increases in several program areas. Among the increases (in millions) were:

- Project-Based Section 8- \$8,552 (\$7,500 in FY 09)
- Section 202 Housing- \$825 (\$765 in FY 09)
- Section 811 Housing- \$300 (\$250 in FY 09)



EIV Brochure



Notice, H 2010-02, "Enterprise Income Verification (EIV) & You Brochure- Requirements for Distribution and Use," was issued on January 11, 2010.

This Notice provides instructions to owners and management agents on the distribution and use of the *EIV & You* brochure. It is important that all owners and agents obtain a copy of this Notice and be familiar with its contents.

The Notice is posted on HUDCLIPS at: <http://www.hud.gov/offices/adm/hudclips/notices/hsg/>.

LEED Buildings in Philadelphia



Mayor Michael Nutter, City of Philadelphia, has signed a LEED Green Building Law (Leadership in Energy and Environmental Design) that requires city buildings to meet LEED certification requirements.

Specifically, all new city buildings over 10,000 square feet must consume 20% less energy than code-compliant structures.

This applies to capital projects undertaken by all Departments and agencies across the city, including the Airport, Water Dept., and Public Property. An energy auditor will examine all city properties and report on energy efficiencies needed to meet reduction goals by 2015.

The Commissioner's Priorities

David H. Stevens, the FHA Commissioner, has identified six priorities that will define Multifamily and Single Family Housing's collective success and organizational value in FY 2010. These priorities are as follows:



1. *Risk Management:* Trust and confidence in FHA serving its mission without exposing taxpayers to unnecessary risk exists among key stakeholders and within the industry.
2. *Process Improvement:* Empower employees to eliminate risk, embrace consistent rules of engagement, and recommend best practice processes that are repeatable and common where possible.
3. *Human Capital Development:* A robust, inclusive capability exists that provides all levels of training and development thereby creating career opportunities and individual employee development.
4. *Communications:* Open, honest, and proactive communication with employees and all stakeholders that provides opportunities for input, feedback and dialogue.
5. *Transform FHA:* An integrated information collection and processing capability that supports our business processes and enables comprehensive risk management, has the flexibility and agility to adapt to changing market conditions, and enables appropriate reporting/business intelligence tools for data analysis and management oversight.
6. *Contracting:* An efficient and value-added "cradle-to-grave" contracting process that supports Housing's business needs by delivering the highest-quality services, and provides the best possible value for the investment.

Foreclosure Sale



Elders Place I & II, two Section 202 projects for the elderly, will be sold at foreclosure sale on March 31, 2010. These buildings offer a total of 16 efficiency, 69 one-bedroom and 2 two-bedroom units.

The projects are being sold without project-based Section 8 assistance. An Earnest Money deposit is required for bidding at the foreclosure sale. A \$233,990 Letter

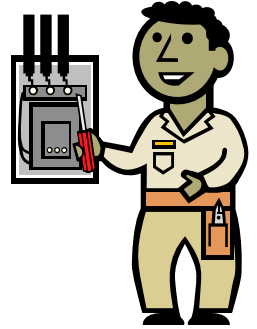
of Credit (LOC) or Cash Escrow is required to ensure completion of repairs.

For more information see:

www.hud.gov/offices/hsg/mfh/pd/elde/eldepage.cfm.

Green Trends in 2010

This year, there will be a continued emphasis on "green" technology, in both new construction and existing buildings.



Among the easiest and less costly strategies to implement are:

- Sub-metering.
- HVAC control systems.
- Low-flow water fixtures.
- Recycled water sources.
- High-performance window glazing.
- Pervious sidewalks, driveways, and parking lots.

How to Improve Outdoor Lighting

There are several operational practices that projects can adopt to improve their outdoor lighting:



Enhanced performance can be achieved by:

- Adding controls to shut off lights to reduce power consumption.
- Install motion detectors instead of leaving the lights on.
- Turn off interior lights when not in use.
- Monitor and maintain lighting installations to insure that night time light is on all day.

"Breakthroughs" Articles

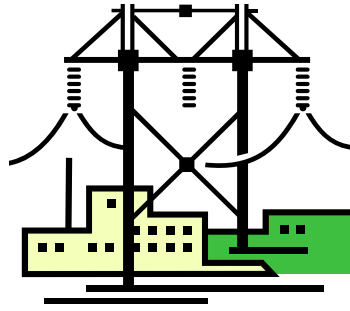
In the January 2010 issue of HUD's Regulatory Barriers Clearinghouse's publication, Breakthroughs, there are two interesting articles about regulatory incentives to promote green affordable housing and the transformation of vacant school buildings into low-income housing for seniors.



See: http://www.huduser.org/portal/rbc/newsletter/vol9iss1_1.html.

Expiration of Electric Generation Rate Caps

Electricity customers in Pennsylvania were among the first in the U.S. to have the ability to choose the company that supplies their electricity. Knowledgeable consumers were able to secure supply rates below the prices offered by their utility.



Under the 1997 Electricity Generation Choice and Competition Act, electric rates which are comprised of generation, transmission, and distribution were capped to ease the transition to competitive markets. The 1997 law allowed residential consumers to have direct access to and purchase power from independent Electric Generator Suppliers (EGS), while still having their electricity physically delivered by electric distribution companies (EDC) regulated by the Public Utility Commission (PUC).

The law also permitted the EDCs to recover "stranded costs." Stranded costs include investments in infrastructure made before the law was passed. In exchange for the recovery of these costs, generation, transmission, and distribution rates were capped at 1996 levels. These utility caps have already expired for 7 of the 11 utilities in PA. Caps on the remaining companies (i.e., PECO, West Penn Power, PA Electric, and Metropolitan-Edison) will expire on January 1, 2011.

The PUC expects that customers may see an increase in their electric bills after the rate caps expire. While PA consumers' rates have been capped, the market prices for electricity have increased. The magnitude of these increases will depend upon market prices when the EDC acquires its power.

Consumers, however, do not have to pay the EDC prices. They will have the ability to choose between an EDC and competitive supply prices for the generation portion of the bill. An EGS may be able to offer a better price for the generation (Note- PA, there are 45 licensed EGSs). Consumers will be able to compare the EDC price to a competitive supplier price to find the best option.

For further information, consumers can contact the PUC at:

Telephone: 1-800-692-7380

Website: www.puc.state.pa.us

New Mileage Rates

Effective January 1, 2010, new standard mileage rates went into effect. The following rates are to be used when calculating a tenant's medical expense due to transportation to/from treatment and lodging:



- 50 cents per mile for business driven.
- 16.5 cents per mile driven for medical or moving purposes.
- 14 cents per mile driven in service of charitable organizations.

EIV Questions & Answers



A live Question and Answer session to supplement the taped Enterprise Income Verification (EIV) webcast will be held on February 25, 2010, from 11 AM to 1 PM. The webcast can be found at:

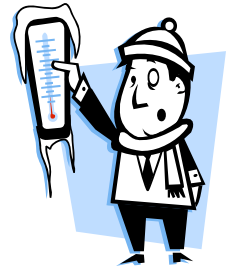
<http://portal.hud.gov/portal/page/portal/HUD/webcasts/archives/multifamily>, and the EIV Notice at:

http://portal.hud.gov/portal/page/portal/HUD/program_offices/administration/hudclips/notices/hsg/files/09-20hsgn.doc.

Eligibility for Weatherization

The U.S. Department of Energy (DOE) amended the eligibility provisions applicable to multi-unit buildings under the Weatherization Assistance Program for Low-Income Persons.

As a result, if a multi-unit building is under an assisted or public housing program and is identified by HUD and included on a list published by DOE, that building will meet certain income eligibility requirements, and will also satisfy one or both of the procedural requirements to protect against rent increases and undue or excessive enhancement of the weatherized building. As a result, the building will qualify for the Weatherization Assistance Program without the need for further evaluation or verification.



See Federal Register 3847, Vol. 75, No. 15, dated January 25, 2010.

White vs. Black Roofs

In the December 2009 issue of Buildings, the benefits of white vs. black roofing membranes was discussed. The choice, however, is a complicated one that requires much research. Their conclusions were as follows:



- Select the most durable roofing membrane that you can afford.
- Use membranes with higher solar reflectance and emittance in hot, sunny climates.
- Use membranes with high solar reflectance and emittance on air-conditioned buildings in all climates as long as durability is not compromised and there is no significant energy consumption penalty.
- For most roofing assemblies, use a white ENERGY STAR/CRRM membrane with a high aged solar reflectance (above 0.70) and an initial emissivity (0.80) from the durable membrane based on climate.
- Consider built-up, ENERGY STAR/CRRM alternatives to thermoplastic membranes in extreme southern climates.
- Use black built-up and EPDM membranes where heat island issues are limited on buildings without air conditioning and where there is a significant energy penalty for a white membrane, or where ballast or other green roofing solutions provide similar performance to a white roof.

New Trends in Insulation

Insulation is a low-cost way to optimize a building's energy efficiency. Some of the new trends in insulation are as follows:



- Nano (composite) insulation, acoustic tiles, and moisture-resistant drywall made from chicken feathers or hemp.
- Insulating concrete forms (ICFs).
- Insulated metal panels.
- Concrete and foam structural insulated panel wall systems.
- Structural foam, rigid board, and fiberglass insulated panels.
- 2 x 6 advanced framing.
- Super-insulated system approaches to envelope design.
- High-performance, high-density fiberglass batts.

Benefits of Painting

In today's economy, interior and exterior painting is often postponed as a cost-cutting measure. This, however, can create much bigger expenses in the future.



Not all painting is cosmetic. Paint also protects the surfaces of buildings- especially exterior ones. Costly repairs can result from not repainting exterior wood. In addition, a fresh coat of paint can make vacant units more appealing and improve rental turn-around time. It's not easy, but the challenge is to balance a building's short-term and long-term needs.

Streamlined Permit Process



The City of Philadelphia has released a report laying out steps to streamline the development process. The improvements include a guide that spells out every permit the city issues, which agency handles it, the cost and expected turnaround time, along with applications and payments to be filed on-line.

Growing Downtown

Center City Philadelphia now has the third largest ultra-urban population in the country behind only Chicago and New York. Since 1990, residents living downtown have grown by 15% to 90,000. This trend is expected to continue in the future.



Statutory Mortgage Limits

The Basic Statutory Mortgage Limits for calendar 2010 were adjusted for FHA programs on February 4, 2010. See:

<http://frwebgate6.access.gpo.gov/cgi-bin/PDFgate.cgi?WAISdocID=646190260585+38+2+0&WAISaction=retrieve>.

Loan Closings

The following two HUD-insured loans closed during the month of January in the Philadelphia Hub: Marian House Manor (Altoona, PA) and South Side Apartments (Pittsburgh, PA). Both projects are located in underserved areas.

