

# PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



Vol. 9 No. 4 Encarnacion Loukatos, Hub Director Thomas.Langston@hud.gov, Editor January 2010



[www.hud.gov/local/shared/working/fr3/mfhsg.cfm?state=pa](http://www.hud.gov/local/shared/working/fr3/mfhsg.cfm?state=pa)

## Inside this Issue:

Unqualified Audit.....Pg. 1	Pg. 1
New Chief Operating Officer.....Pg. 1	Pg. 1
Foreclosure Sale.....Pg. 1	Pg. 1
White House Place-Based Policy.....Pg. 1	Pg. 1
Green Retrofit Program.....Pg. 2	Pg. 2
SMART Rehab Program.....Pg. 2	Pg. 2
Mainstream Section 8 I I.....Pg. 2	Pg. 2
Energy Saving Fact.....Pg. 2	Pg. 2
Market Conditions.....Pg. 3	Pg. 3
PA PUC Ruling-making.....Pg. 3	Pg. 3
Commute to Work.....Pg. 4	Pg. 4
Security Cameras.....Pg. 4	Pg. 4
Outdoor Lighting.....Pg. 4	Pg. 4
LIHEAP.....Pg. 4	Pg. 4
Government Leads by Example.....Pg. 4	Pg. 4
Spotlight Your Project.....Pg. 4	Pg. 4
Discrimination Settlement.....Pg. 5	Pg. 5
New Elevator Safety Codes.....Pg. 5	Pg. 5
Retirement.....Pg. 6	Pg. 6
Main Street Revival.....Pg. 6	Pg. 6
Preservation of Affordable Hsng.....Pg. 6	Pg. 6
Resident Rights' Brochure.....Pg. 6	Pg. 6
Loan Closings.....Pg. 6	Pg. 6

### Unqualified Audit

For the 10th consecutive year, HUD has received an unqualified, or "clean," audit opinion. Also, for the second consecutive year, there were no material weaknesses identified on the Department's consolidated financial statements from its independent Office of Inspector General.



FHA and Ginnie Mae also received unqualified opinions on their financial statements. These favorable financial audit results affirm HUD's continued commitment to financial and management excellence.

### New Chief Operating Officer



Estelle Richman has been named HUD's Chief Operating Officer.

Ms. Richman previously headed Pennsylvania's Dept. of Public Welfare for the past 7 years.

Prior to that position, she was the City of Philadelphia's managing director for former Mayor John Street.

### Phila. Projects Face Foreclosure Sale



Brith Shalom and Brith Shalom Addition, an eleven-story apartment complex built in 1968 and 1974, respectively, will be sold at foreclosure sale on February 4, 2010. The buildings comprise 274 efficiency and 83 one-bedroom units.

A \$200,000 Earnest Money Deposit is required for bidding at the sale. In addition, a \$2,839,601 Letter of Credit is

required at closing to ensure completion of repairs. The project will be sold without tenant or project-based Section 8 assistance.

A bid kit can be obtained, at:

<http://hudstage.hud.gov/offices/hsg/mfh/pd/brit/britpage.cfm>.

### White House Place-Based Policy

The White House has issued policy principles meant to advance its domestic and fiscal priorities and to increase the impact of government dollars by leveraging place-conscious planning and place-based programming.

The place-based policy will have the following three general goals:

- Foster successful networks or clusters of businesses at the local or regional level.
- Target local workforce development organizations (which help supply skilled labor) and connect them to efforts to generate jobs (local demand for labor).
- Foster homeownership through a neighborhood-based approach to financing, redevelopment, and financial literacy.

In developing their place-based programs, federal agencies must incorporate the following principles:

- Have clear, measurable, transparent, and carefully evaluated goals.
- Partner with state, local, faith-based institutions, nonprofits, businesses, and community members at-large.
- Develop a regional approach to important challenges (i.e., programs in neighboring zones and within larger regions— some of which connect rural communities to metropolitan regions— should complement each other).



2010

### **Green Retrofit Program**

On May 13, 2009, HUD issued a notice concerning the availability of Recovery Act grants and loans for eligible property owners to make energy and green retrofit investments, to ensure the maintenance and preservation of their properties, and the continued operation and maintenance of energy efficiency technologies.



HUD's Office of Affordable Housing Preservation (OAHP) conducted a physical and financial analyses of the properties to determine the size of each grant and loan. Incentives will be made available to participating owners. The terms of the grants or loans, up to \$15,000 per unit, will include continued affordability agreements. Grant and loan funds must be spent by the receiving property owner within two years.

As of December 31, 2009, the following six projects in the Hub have been approved for funding: PA- Sharpshurg Tower (103 units), Somerset Villa (100 units); DE- Ingleside Retirement Apts. (208 units); and WV- Ash Grove (8 units), Larkin (10 units), Rivermont Presbyterian (91 units).

In addition, the following two projects are in "Final Review Pending" status: PA- Casa Caribe (53 units); and NJ- Trent Center East (229 units). There are also, 5 application on the "Wait List" and another 2 in "Received - Not Verified" status.

### **Smart Rehab Program**

One of the new initiatives of the Pennsylvania Housing Finance Agency (PHFA) is the Preservation through Smart Rehab Program. Smart Rehab is a preservation tool available to any of PA's 139,000 affordable apartments. Recent operating trends- minimal increases of rental income coupled with higher operating costs for maintenance, repair and replacement of systems, and energy costs- threaten the long term financial viability of a large portion of this inventory.

The goal of Smart Rehab, is to preserve affordable housing by stabilizing project operations. It is made possible with funding for capital improvements that result in a measurable reduction in energy consumption and utility costs. The eligibility requirements and loan terms are as follows:

- Owner is in good standing with his respective regulatory entity.
- The project is in good physical condition.
- The project must have a minimum of 50% of its units occupied by households whose income is 60% or less of the area median income.
- Program loan will not exceed \$500,000.
- Fixed interest rate determined by source of funds.
- Loan terms up to 10 years.
- No fees.

More details can be obtained from PFHA's web site at:

<http://www.phfa.org/developers/preservation>

Or, by calling Brian Shull at: (717) 780-3909.

### **Mainstream Section 811**

Construction was completed on September 24, 2009, on a Section 811 project, Liberty Resources Condo Eleven, located at 1100 S. Broad Street, Philadelphia, PA. The project, that will house 11 disabled tenants, was built with a combination of a \$1.5 million HUD capital grant and City of Philadelphia HOME funds. HUD will also be providing \$168,000 annually of PRAC.



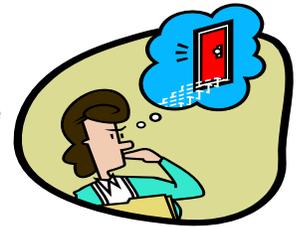
What makes this project unique, however, is that the 11 units are located in the 5-story Marine Club Condominium. These units will allow the residents to blend into the surrounding community and while providing accessibility features and supportive services. The project was developed by Liberty Resources, Inc. and will be managed by the Liberty Housing Development Corporation.

In the future, the initial 11 units will be complemented by an additional 13 units for the disabled when Liberty Resources Thirteen is completed.

### **Interesting Energy Saving Fact**

Did you know that a 1/4 inch gap at the base of a three-foot wide exterior door can leak as much air as a 3-inch hole in the outside wall of your apartment?

It pays to install a good door sweep!



## **Market Conditions**

HUD recently released the 3rd Quarter report of U.S. Housing Market Conditions for 2009. The report contains a comparative analysis of the multifamily housing sector with previous quarters, updated national data, overviews of economic and housing market, and historical trends.



Some interesting statistics found in the report, concerning the Philadelphia Hub, for the 12 month period ending September 30, 2009, are as follows:

- Multifamily building activity, as measured by the number of units permitted, declined by 40% in PA to 2,290 units (by 55% to 1,710 units for Philadelphia); by 16% in DE to 570 units; and by 85% in WV to 164 units.
- Vacancy rates increased from 8.6 to 9.9% in the Phila. Metro. Area.
- Vacancy rates were highest, at 15.2%, in southern NJ counties.
- Vacancy rates increased from 2.9% to 3.9% in Central NJ, and from 3.5% to 4.9% in Northern NJ.
- Apt. rents averaged \$1,535 for the Phila. Metro. Area (\$1,950 in Center City Phila.).
- Avg. mo. rents decreased 1% in both Central NJ and Northern NJ to \$1,148 and \$1,500, respectively.

To read the entire report, see:

[www.huduser.org/portal/periodicals/ushmc/fall09/index.html](http://www.huduser.org/portal/periodicals/ushmc/fall09/index.html)

## **PA PUC Rule-making Process**



Utilities, such as natural gas, electricity, steam heat, and water, are regulated in order to provide economical and efficient service to communities.

When a regulated community seeks a rate increase, it must file a request with the PA Public Utility Commission (PUC) that shows the new rates and the effective date, and must prove that the increase

is needed. The utility must include the amount of the proposed rate increase, the proposed effective date, and how much the ratepayer can expect to pay.

Here are the steps the PA PUC must follow, during a 9-month process, in setting rates:

- The regulated utility company must notify consumers at least 60 days in advance of a requested rate increase.
- The PUC assigns the rate increase to an Administrative Law Judge who presides over formal hearings that are open to the public.
- The utility company, the PUC's Office of Trial Staff and other parties, such as the state's Office of Consumer Advocate and Office of Small Business Advocate, present their cases and are cross-examined.
- Individual ratepayers may become formal parties by completing a formal complaint form. They may provide written complaints or testify. Their views become part of the public record.
- After weighing the evidence, the ALJ writes a recommendation decision addressing each issue. The decision may approve, disapprove, or modify the original request.
- Parties may file exceptions to the judge's decision.
- The Commissioners make the final decision and authorize new rates that allow the utility company sufficient revenues to meet reasonable expenses (i.e., operating, maintenance, administrative, depreciation, and taxes) pay interest on its debt, and provide a fair return to stockholders.
- Consumers can participate in the ratemaking process by completing an informal complaint form or the Commission's objection/comment form.
- The formal consumer complaint process involves a legal proceeding before a PUC ALJ, similar to a trial (i.e., pre-hearing conferences and hearings, filing of a written brief, and compliance with the Commission's procedural rules).
- The following is the contact information for the PUC:

PA Public Utility Commission  
Bureau of Consumer Affairs  
P.O. Box 3265  
Harrisburg, PA 17105  
1-800-692-7380  
[www.puc.state.pa.us](http://www.puc.state.pa.us)

### Commute to Work

The November 12, 2009 issue of U.S. News conducted a survey of average commute times to work of cities over 50,000 residents. Nationally, the average travel time for a car commute is a little over 24 minutes. For public transportation, the average travel time is more than 48 minutes.



Two cities in the Philadelphia Hub had one of the longest and shortest commute times. The City of Philadelphia made the Census Bureau's 2009 list of cities with the longest average commutes. Besides Philadelphia, the other 7 of the top 10, where at least 20% of commuters do not drive to work (i.e., take public transportation), were: New York, Chicago, Washington, San Francisco, Oakland, Boston, and Baltimore.

At the other end of the spectrum, the City of Pittsburgh had one of the shortest commute times of 23.1 minutes. Non-car commuters comprise 33.5%. Although Pittsburgh is not a massive city- the population is just over 300,000, with a metro area of 2.4 million- it has a large public transit system for its size.

### Security Cameras



New megapixel IP cameras provide greater image clarity and can be integrated into existing surveillance systems. They are ideal for coverage over a large area.

Standard 1-2 megapixel cameras provide excellent resolution without placing demands on network bandwidth. The more expensive high definition megapixel IP cameras, which operate

in the 5-16 megapixel range are useful in applications that require few cameras and great detail with large storage capacities. A frame of megapixel video has 5 to 12 times the number of pixels as a frame of traditional video. Software applications can also clarify, zoom, and enhance the digital image at targeted small viewing areas within the image.

These cameras can be plugged into an existing wireless data network, using an Ethernet connection, where images can be viewed from anywhere.

### Outdoor Lighting

A great energy saver is the replacement of HID (metal halide) parking lot lighting with LED (light-emitting diode) units. While, two LED fixtures are required to replace one HID fixture, such conversions can reduce parking lot wattage from 1,000 watts per fixture to 190 watts- an 81% decrease in wattage.



This energy saving measure is not restricted just to parking lots. Such retrofitting can also be done to exterior entrance lighting and sidewalk lighting.

### LIHEAP



LIHEAP is a federal program that provides financial assistance to needy households for home energy bills. In Pennsylvania, the program is administered by the Dept. of Public Welfare (DPW). The Pennsylvania Low-Income Home Energy Assistance Program (LIHEAP) provides both cash and crisis benefits to low-income households. Cash benefits help low-income customers pay for their home energy needs while crisis payments help meet emergency home energy situations. A family of four with an annual income of up to \$33,075 can qualify for assistance.

The application dates for the LIHEAP program are:

Cash: November, 2009 through March 15, 2010  
Crisis: January 4, 2010 through March 15, 2010

For more information, contact your local county assistance office, or contact the LIHEAP hotline at 1-866-857-7095. The DPW website is as follows:

[www.dpw.state.pa.us/ServicesPrograms/LIHEAP/](http://www.dpw.state.pa.us/ServicesPrograms/LIHEAP/).

### Spotlight your Project



If you have an interesting story about your project or its tenants, share them with the readers Philadelphia Multifamily Hub News!

Send your story to :

Thomas.Langston@hud.gov.

### **Government Leads by Example**



By now, everyone is aware that the federal government is strongly promoting energy conservation (e.g., Energy Star) and “green” buildings (LEED). These initiatives apply not only to the public sector, but to the government, as well.

Federal agencies must report to the Office of Management and Budget on how well they are meeting mandates to insure that new and renovated

buildings are environmentally friendly. The mandates that they must meet are outlined in two directives: a 2006 multiagency Memorandum of Understanding and a 2007 Presidential mandate. They require agencies to follow environmentally sound practices for building design, energy performance, water conservation, indoor air quality and materials. Agencies must achieve sustainable building goals for all new construction and major renovations and apply the standards to 15% of their existing buildings by 2015.

To track their performance, agencies use a web-based tool, the Federal High Performance Sustainable Buildings Checklist. It allows facility managers to record their progress in meeting more than 25 action items for each of their buildings.

As the saying goes, “If you are going to talk the talk, you must walk the walk.” Certainly, that is what the federal government is doing.

Are you, as a project owner or management agent, doing everything in your power to insure that your residential building is Energy-Star and LEED compliant?

### **Discrimination Settlement**

The owners of a conventionally-financed Somerset County apartment complex have agreed to pay \$30,000 to settle charges of racial and other types of discrimination in dealing with prospective tenants.



The owners of Kimberwyck Village acknowledged no wrongdoing in the settlement agreement announced Thursday by the New Jersey Division of Civil Rights.

They agreed to pay \$30,000 to the Fair Housing Council of Northern Jersey, to provide fair housing training for

employees and to post notices of nondiscrimination at their rental properties.

The Fair Housing Council sent a total of nine testers to the Bloomingdale Drive complex in 2007 and 2008. A subsequent complaint, filed with the state Division of Civil Rights in October 2008, charged that Kimberwyck employees showed a preference toward white testers they believed were prospective tenants.

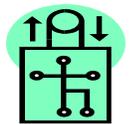
The complaint alleged Kimberwyck staffers showed the white testers cleaner, more ready-for-occupancy apartments, and presented the complex's rental terms and income requirements in a more attractive light. In one case, according to the complaint, a employee offered to “hold” a rental unit for a white tester. Meanwhile, the complaint charged, Kimberwyck employees showed black testers less clean and well-maintained apartments, neglected to mention certain favorable rental terms that had been mentioned to the white testers, and did not offer to hold rental units. In addition, the complaint alleged, Kimberwyck employees made disparaging remarks to testers about other minorities, including Mexicans and Asian Indians. One Kimberwyck employee said Mexican rental applicants were financially unreliable. The employee also used a slur in reference to Asian-Indian tenants, the NJ Attorney General's Office said.

The Fair Housing Council complaint also charged Kimberwyck with unlawfully discriminating against families. For example, testers who inquired about rental options for families with children were told that tenants with children must rent two-bedroom apartments because children were prohibited from living in one-bedroom apartments or in upstairs units, according to the attorney general's office.

Kimberwyck has agreed to publish and distribute a non-discrimination policy using language from the Fair Housing Council and to display nondiscrimination posters provided by the Division on Civil Rights on all of its rental properties. The complex has also agreed to include the following message in its advertising: “This property is rented without regard to race, national origin or familial status and is in compliance with all fair housing laws.”

### **New Elevator Safety Codes**

Currently, there is no uniform process for validating the compliance of new elevator technologies with safety requirements. This is about to change. The U.S. and Canada will be adopting a companion code—the Performance-Based Safety Code for Elevators. This will allow building professionals to keep pace with elevator technology while maintaining or exceeding the safety standards under ASME A17.1/CSA B44.



## **Retirement**

Patrick Board III, MAP Team Leader, Charleston Program Center, has retired after 40 years of Federal service. We all wish him good luck and good health in his well-deserved retirement.



## **“Main Street” Revival**



The Greater Camden Partnership has received a \$5,800 grant from the Camden Neighborhood Revitalization Corp. to start a beautification program for Camden, NJ’s former main shopping street, Broadway. The money will be used to purchase flower planters and light posts for a 9-block stretch between Martin Luther King Boulevard

and Pine Street– the section of Broadway closest to nearby downtown developments. The goal is to make the area appeal to potential shoppers and new businesses.

Complementing this effort are workshops, web seminars, and technical support offered through Main Street New Jersey, a state revitalization program that promotes economic development in historic business districts. Broadway was designated a “Main Street” corridor in 2004.

## **Strategies to Preserve Affordable Housing**

The November/December issue of Breakthroughs has an interesting article on strategies to preserve affordable housing.

The article states that in 2008, approximately one-third of the nation’s population lived in rental housing and close to 70% of the rental households earned less than \$50,000 annually. Even with the downturn in the housing market, rental units are often the only affordable housing option available for many low- and moderate-income families. With reduced government subsidies and expired regulatory rental agreements, affordable rentals are often converted to market-rate rentals and condominiums, thus depleting our nation’s existing affordable rental housing stock.

As the percentage of renters and median rents continues to rise (even in a downturn economy), there is growing demand for rental housing that’s affordable to low- and moderate-income families. To meet this demand, state



and local governments across the nation can implement policies and regulations not only to promote new construction but also to encourage long-term preservation of existing affordable rental units.

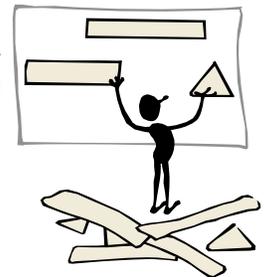
To retain existing affordable rental housing, many state and local governments are taking significant steps to stimulate change in their communities. Some of these steps involve providing financial assistance through allocation of tax credits, housing trust funds, private activity bonds, and other low-interest loan programs for multifamily housing preservation. While many of these strategies were adopted at the height of the housing bubble, they are still relevant and appropriate, especially in areas with strong markets. Regulatory tools that are assisting local governments in their efforts are: mitigating loss of rental units through condominium conversions, and housing replacement and preservation ordinances.

To read the entire article, see:

[www.huduser.org/portal/rbc/newsletter/vol8iss6\\_1.html](http://www.huduser.org/portal/rbc/newsletter/vol8iss6_1.html)

## **New Location– Resident Rights’ Brochure**

In order to provide easier access to the *Resident’s Rights and Responsibilities* brochure, a link to the English version has been placed on the Fair Housing and Equal Opportunity site along with the other 13 translated editions of the document.



Users can go to [www.hud.gov/offices/fheo/promotingfh/lep.cfm](http://www.hud.gov/offices/fheo/promotingfh/lep.cfm) and scroll down to “*Resident’s Rights and Responsibilities* Brochure.” Those interested in the English version on HUD’s Multifamily website can still find it at [www.hud.gov/groups/tenants.cfm](http://www.hud.gov/groups/tenants.cfm).

Hardcopies of the English version and all of the translated versions are available from the Multifamily Housing Clearinghouse. The Clearinghouse can be reached by calling 1-800-685-8470.

## **Loan Closings**



The following three loans closed in the Philadelphia Hub during December:

*Insured*– PA: Medtowers; and NJ: Hillsdale House; and *Section 811*– WV: Mulberry Place Apts.