

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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FY 15 HUD Budget

HUD's FY 15 Budget request balances tough choices with President Obama's call to create opportunity and growth for all Americans by following four key budgetary principles:



- Driving economic growth by increasing access to credit and strengthening the FHA.
- Providing opportunity by restoring and increasing assistance to vulnerable families.
- Creating growth and opportunity through key initiatives.
- Ensuring fiscal responsibility and increasing efficiency.

Overall, HUD's FY 15 budget request increases the gross budget authority by 2.6% over FY 14 levels, and by 10.1% over FY 13 sequestration levels, to \$46.66 billion.

Some key budget highlights pertaining to Multifamily Housing (in millions) are:

- MMI & CMHI Fund- \$170 (+\$23 more than FY 14).
- HAP Contract Renewals- \$9,746* (-\$171 less than FY 14).
- Contract Administrators- \$210 (-\$55 less than FY 14).
- Section 202- \$440 (+\$56 more than FY 14).
- Section 811- \$160 (+\$34 more than FY 14).
- Rental Assist. Demo.- \$10 (+\$10 more than FY 14).

- Tenant-Based Rental Assist.- \$20,045 (+\$868 more than FY 14).
- Choice Neighborhoods- \$400 (+\$310 more than FY 14).
- Lead Hazard Control/Healthy Homes- \$120 (+\$10 more than FY 14).

In summation, the Budget adheres to the 2015 spending levels agreed to in the Bipartisan Budget Act and shows the choices the President would make at those levels. But it also shows how to build on this progress by investing in the things we need to grow our economy, create jobs, increase skills training and improve education, while continuing long term deficit reductions.

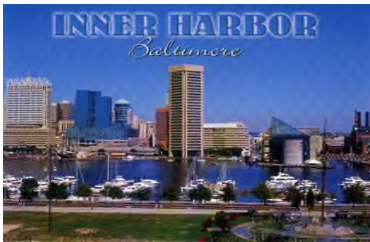
*Note: The budget moves Project-Based Rental Assistance to a more stable, reliable funding cycle by re-basing all contracts to a calendar year funding term. This will provide greater certainty and minimize disruptions resulting from end-of-year budget delays. Funding requested for contract renewals will allow HUD to shift to a calendar year funding approach for the vast majority of renewal contracts in FY 15, and will set the stage for consistent 12-month funding in FY 16 and beyond. HUD does not expect that this new funding methodology to have a significant impact on stakeholders, investors, or lenders because there will be no change in contract terms or duration. The Department will only shift the timing for funding of the contract, similar to past practice during periods covered by Continuing Resolution and during FY 13, post-sequestration.

FY 13 Production Totals

In FY 13, 1,869 loans were initially endorsed, buy HUD, nationally, representing 286,227 units and \$17.58 billion- up 43% from FY 12!



Eastern Lenders Conference



The 10th Annual Eastern Conference was held in Baltimore, Maryland, at the Hyatt Regency Baltimore on the Inner Harbor, on March 10-12, 2014.

The conference was attended by HUD supervisory staff from the Philadelphia, New York, Boston and Baltimore Multifamily Hubs, as well as lenders, consultants, and attorneys from the New England and Mid-Atlantic regions.

Among the stimulating topics of discussion were: LEAN, Capital Markets, HUD Policy and Initiative Updates, Tax Credit Pilot, PCNA and Environmental Issues, Closings and Construction Servicing, and Markets.

Plan to Increase Phila. Affordable Housing

In the City of Philadelphia, 450,000 of its 1.5 million residents (i.e., 30%) live at or below the poverty level. Based on this statistic, it is not surprising that more than 100,000 are on an affordable housing waiting list.



To address this problem, last month, a plan was announced to increase the city's affordable housing by using tax incentives and bond proceeds to redevelop 1,500 vacant, city-owned properties over the next two to three years.

Darrell L. Clarke, president of the City Council, said that the city would issue \$100 million in bonds and leverage an additional \$200 million in state and federal tax subsidies to pay for the program. The plan is intended to help offset a dwindling supply of low-income housing in a city where some major residential and commercial building projects have recently been announced in upscale areas.

If approved by the full City Council and the administration of Mayor Michael A. Nutter, the plan would, through new construction or rehabilitation of existing buildings, provide affordable rental units and properties to purchase for households whose incomes are 80 to 120% of the area's median income.

Inspection Alignment Pilot

The White House's Domestic Policy Council established the Rental Policy Working Group (RPWG) in 2010 to better align rental housing policies among three federal agencies that have significant affordable housing programs- HUD, USDA, and Treasury.



The RPWG's alignment effort has focused on reducing costs and promoting administrative efficiencies for stakeholders. One of the initiatives identified by the RPWG was to decrease the number of duplicative housing inspections performed on the same property by multiple federal agencies.

Multifamily properties receiving overlapping federal benefits, such as low-income housing tax credits, HUD multifamily program funds, and USDA 515 funding, may be subject to several physical inspections in the same time period using different inspection standards. By sharing the physical inspection report completed on a property by one partner, the other partners will be able to accept this report to satisfy their own regulatory requirements, eliminate the duplicative physical inspections they would have performed, and then retain any associated savings.

In order to streamline regulatory requirements and reduce the burden on the affordable housing industry, state Housing Finance Agencies (HFAs) began partnering with federal agencies, in 2012, to align the inspection requirements. From 2012-2013, the RPWG conducted a physical-inspection alignment pilot, the National Interagency Physical Inspection Alignment Pilot, in six states, to test the feasibility of conducting single, recurring physical inspections. The partnering pioneer states were Michigan, Minnesota, Ohio, Oregon, Washington state, and Wisconsin.

This year the pilot will include 19 additional states. The states of West Virginia (17 projects) and Delaware (4 projects) will be part of this new group. Inspections are scheduled to be completed by July 2014.

Affected owners will be required to assist onsite inspectors by identifying all sources of state and federal assistance at the property and any overlap of subsidy at specific units. This will be verified by a review of the rent roll or other documents.

A letter providing additional details will be mailed out shortly.

NAHMA COQ Award



Hillcrest Commons, a Section 236 project, located in Philipsburg, PA, was the recipient of the National Affordable Housing Management Association's (NAHMA) 2013 Communities of Quality® (COQ) Award for Outstanding

Turnaround of a Troubled Property. The award honors the best multifamily affordable housing communities across the country for excellence in property management. Winning properties are recognized for the quality of life they offer residents, the level of resident involvement in community life, their financial stability, and the certified quality of their staff.

When Hillcrest Commons came under the management of Community Realty Management Company (CRM) in 2006, the property had both low occupancy rates and high delinquency rates. Management immediately joined forces with local police to tackle drug activity in the community. They made major capital improvements to the property, including replacing siding, roofs and windows and renovating the interiors of units and common areas. Management also conducted extensive onsite staff training on the complexities of HUD regulations. These property improvements led to the receipt of a "superior" on its last HUD Management and Occupancy Review.

Congratulations to CRM for its hard work and dedication to this affordable housing community over the past seven years!

Computer Matching Program



HUD will be executing a new computer matching program with SSA, in May 2014. HUD will be obtaining SSA data and will be making the results avail-

able to public housing authorities (PHAs), private owners and management agents (O/As). The data will allow them to verify the accuracy of income reported by tenants of HUD rental assistance programs.

HUD will also make this information available to contract administrators overseeing and monitoring owner/agent operations, as well as independent public auditors (IPAs) that audit both PHAs and O/As.

Effective Bed Bug Control

The greatest challenge in bed bug control probably lies in chronic infestations of multiple apartment units. Eliminating a single infestation is relatively easy when proper strategies are used and ample service time is committed. Eradicating all bed bug infestations in a building when many infestations are present is much more challenging.



Bed bugs spread easily between neighboring units through active dispersal, resident relocation and resident social activities. Different resident attitudes and collaboration levels affect the speed of elimination. Unreported infestations foster high populations of bugs and increase the time required to eliminate an infestation. Treatment schedules, at different times, provides bed bugs with opportunities to spread to other units before being eliminated.

The best approach is a coordinated, holistic attack using mattress encasements (if not already present), steam, and insecticide dusts and/or sprays. The insecticides most effective are: BASF's MotherEarth D (100% diatomaceous earth dust), BASF's Alpine Dust, BASF's Phantom aerosol, BASF's Alpine aerosol (0.5% dinotefuran), Bayer's Temprid SC or FMC's Transport GHP (0.11% solution). MotherEarth D or Alpine Dust should be applied along perimeters of the rooms in all infested units. Aerosols should be applied directly onto live bed bugs during visual inspections. Transport and/or Temprid SC spray should be applied to cracks and crevices according to the labels.

Studies have demonstrated several points for a successful bed bug management program: periodic monitoring for identifying infestations early; interceptors and visual inspections for determining eradication; and careful treatment and follow-up monitoring. If you follow this sound strategy, you will have those troublesome bed bugs on the run!

No MIP Increase for FY 15



There will be no changes to the multifamily mortgage insurance premiums (MIP) charged for issuing or reissuing commitments in FY2014 for multifamily housing programs, health care facilities, hospitals and credit subsidy obligations for FY 2015.

Turning Vacant Properties into Assets

The following article is an excerpt from “Evidence Matters” on HUD User:

“Derelict houses, dormant factories, moribund strip malls, and other types of vacant and abandoned properties are among the most visible outward signs of a community’s reversing fortunes. But these vacant and abandoned properties are more than just a symptom of larger economic forces at work in the community. Their association with crime, increased risk to health and welfare, plunging property values, and escalating municipal costs make them problems in and of themselves, contributing to overall community decline and disinvestment. Local government officials, community organizations, and residents, however, increasingly view vacant properties as opportunities for productive reuse, reimagining blight and dilapidation as urban farms, community gardens, and health facilities.

The current inventory of vacant properties results from two main causes: the foreclosure crisis as well as long-term urban decline, depopulation, and disinvestment.

Vacant and abandoned properties have negative spillover effects that impact neighboring properties and, when concentrated, entire communities and even cities. Research links foreclosed, vacant, and abandoned properties with reduced property values, increased crime, increased risk to public health and welfare, and increased costs for municipal governments. They are widely considered to attract crime because of the “broken windows theory”- that one sign of abandonment or disorder (a broken window) will encourage further disorder. Increased vacancies leave fewer neighbors to monitor and combat criminal activity. Boarded doors, unkempt lawns, and broken windows can signal an unsupervised safe haven for criminal activity or a target for theft of, for example, copper and appliances. In a study of Pittsburgh, it was shown that foreclosure has no effect on crime; however, after a property becomes vacant, the rate of violent crime within 250 feet of the property is 15% higher than the rate in the area between 250 and 353 feet from the property. In addition, longer periods of vacancy have a greater effect on crime rates. In a study of Philadelphia, an association was drawn between vacant properties and risk of assault, finding vacancy to be the strongest predictor among almost a dozen indicators, after controlling for other demographic and socioeconomic variables.

In addition, the U.S. Fire Administration estimates that there were 28,000 fires annually in vacant residences between 2006 and 2008. Because vacancies are so

closely associated with arson, vandalism, and other crimes, local ordinances routinely label vacant or abandoned properties as a threat to the health and welfare of the community.

Local governments bear the cost of maintaining, administering, and demolishing vacant and abandoned properties as well as servicing them with police and fire protection and public infrastructure. One study calculated that the City of Philadelphia spends more than \$20 million annually to maintain some 40,000 vacant properties, which cost a conservatively estimated \$5 million per year in lost tax revenue to the city and school district.

The Reinvestment Fund and the National Neighborhood Indicators Partnership have been critical resources for localities developing data tools and systems to track and address vacant properties. Vacant properties may require rehabilitation before they can be reoccupied. Healthy markets may offer private investors sufficient economic incentives to purchase, rehabilitate, and resell formerly vacant properties. Strategies to reoccupy vacant homes, either by owners or renters, depend on a neighborhood’s ability to retain and attract residents. Efforts to market a neighborhood can help stabilize housing markets and reduce vacancy and abandonment. Residential stabilization and revitalization would be aided and complemented by commercial revitalization in areas with markets strong enough to support it. Vibrant residential neighborhoods that can better support neighborhood retail, and abundant retail options will, in turn, help attract and retain residents. Even in neighborhoods with relatively healthy housing markets, however, selective demolition may be necessary when vacant properties are severely dilapidated.

Large swaths of vacant land require large-scale repurposing strategies such as urban agriculture, woodlands, or parks and recreation facilities. Such green reuses promise the added benefit of improving storm water management.

More research will be needed to empower policymakers, investors, and citizens to make evidence-based decisions on difficult choices, such as when to rehabilitate and when to demolish, whether to have a judicial or administrative foreclosure process, whether to convert a brownfield to an affordable housing development or a green space, or whether a particular area should pursue smart growth or smart decline. Innovative design techniques promise to expand the range of options for reuse.”

This article can be read, in its entirety, at: www.huduser.org/portal/periodicals/em/winter14/highlight1.html

Plants Make People Happy & Healthy

Researchers have discovered that being around plants helps people concentrate better in the home and workplace. It has been shown that tasks performed while under the calming influence of nature are performed better and with greater accuracy, yielding a higher quality result. Moreover, being outside in a natural environment can improve memory performance and attention span by twenty percent.



Keeping ornamental plants in apartments and in the workplace increases memory retention and concentration. The calming influence of natural environments is conducive to positive work environments, by increasing a person's ability to concentrate on the task at hand. Specifically, the presence of potted plants have the following therapeutic values:

- Lower blood pressure (systolic).
- Improve reaction times.
- Increase attentiveness.
- Improve attendance (at work and school).
- Raise productivity (at work).
- Improve well-being.
- Improve perceptions of the space.
- Lower levels of anxiety recovering from surgery.
- Raise job satisfaction.

As an example, learning about houseplants and then caring for them improved self-rated health and quality of life for a group of seniors living at a low-income assisted living facility, according to a study appearing in the journal HortTechnology. This study suggests that sprouting a green thumb is a not only a gratifying and affordable way to feel good, it can also foster successful aging.

The Details: University of Nevada Cooperative Extension researchers invited 18 assisted-living residents to join a class to learn about indoor gardening (the participants were between 75 and 102 years old). The group attended four two-hour interactive classes, and were given a plant to take care of after the course was over. Interviews at the end of the four-week course showed that the subjects felt more control over their lives and felt healthier and happier than before it started. Five months later, the patients continued to feel that way. The biggest areas of positive improvement occurred in relation to the sentiments, "There is really no way that I

solve some of the problems I have," and "There is little I can do to change many of the important things in my life." Before the classes started, residents took a neutral stance on those statements; five months out, they strongly disagreed.

What it Means: Researchers believe that caring for a houseplant engendered such positive effects because the participants experienced the responsibility of taking care of something other than themselves. Some of the senior citizens involved in the study told researchers the plants were like companions; some noted it had been a long time since they had to take care of something. This suggests houseplants can bring positive vibes not just to older people, but to anyone who is lonely. And there are lots of other reasons to bring plants into your home. Several studies have linked houseplants to the reduction of stress and indoor air pollution. In addition, hospital patients have a better recovery if there's a houseplant in the room.

In choosing a houseplant, the amount of available light is important. The following plant selections are recommended:

- Bright Light: Fiddle Leaf Fig Tree, Succulents, Cactus, and Ponytail Palm (shown in image).
- Medium Light: Peperomia, Hoya, Dracaena Marginata, and Reflexa.
- Low Light: Snake Plant, ZZ Plant, and Pothos.

Pruning Trees & Shrubs

Now that this year's winter is over, there is an urge to go outdoors and perform landscaping work around your project, especially, the pruning of torn tree branches and dried-up woody shrubs.



While the impulse is to start this work immediately, patience should be exercised. You should wait a couple of weeks before pruning "dead" tree and shrub branches from your property. Gardeners state that you shouldn't assume that trees and shrubs are dead until they have a chance to bud out.

Any winter damage, due to heavy snow and ice, will be on the newer growth on plants (i.e., the tips), which tends to dry out because of moisture remaining locked in the frozen soil. This leads to more cracked bark and broken branches than after a more mild winter, especially for fruit trees and plants, such as azaleas and rhododendrons. Fortunately, with proper care, they will be fine.

For specific pruning tips, the following website is recommended: http://weblogs.dailypress.com/features/gardening/diggin-in/2011/02/pruning_tips_for_february_and_1.html

Selecting a Pest Management Control Professional

The most effective way to deal with a bed bug infestation is to hire a Pest Management Professional (PMP), otherwise known as an “Exterminator”. Residents attempting bed bug control on their own are likely to fail. When looking for a PMP, take the time to do some research. The cheapest may not be the best option. It is suggested that you use the “Find a Pro” section on www.pestworld.org, the official website of the National Pest Management Association, to find a good company.



Beware of companies that are:

- Not licensed.
- Show up for service unannounced and in unmarked vehicles.
- Try to pressure you to sign a contract.
- Cannot answer questions you have about the company.
- Attempt to treat your property without first thoroughly inspecting for bed bugs.

When looking for a PMP to help you, we recommend that you ask the following questions:

- Is the company licensed with the state Dept. of Agriculture?
- Does the company carry liability insurance?
- Is the company affiliated with the National Pest Management Association? (The NPMA has drafted best management practices for their members to follow).
- Does the Better Business Bureau have a complaint history on the company?
- How much experience does the company and applicator have inspecting and treating for bed bugs?
- What kind of training do employees receive, and how often?
- What is the company’s standard procedure for dealing with bed bug infestations?
- What is the length of the treatment?
- What are your (as the customer) responsibilities in helping control the infestation?
- Are follow-up visits, after the initial treatment, part of the PMP’s management plan?
- If a heat treatment is planned, does the company also use a supplemental insecticide?
- What safety precautions need to be taken during a bed bug treatment?

When you have selected the pest control company that

you would like to hire, carefully review the contract for:

- Company name, address, contact information.
- Details on work to be completed.
- Insecticides or treatment methods to be applied.
- Any pre-treatment instructions you will need to follow.
- Start/end date and dates for follow up visits (if necessary).
- License and insurance coverage offered by the company.
- Any possible exclusions, cancellation policy, and arbitration clause to settle disputes.
- Guarantee.
- Price.

If insecticide products are to be applied, you can request a copy of the product label and copies of the material safety data sheet (MSDS). Reputable pest control companies will provide these documents and review them with their clients as part of their service contract.

Best Practices– Affordable Housing



HUD USER has published a series of national best practice examples based on federal, state and local strategies that increase affordable housing opportunities, apply sustainable features and practices, and increase access to public transportation.

The projects featured in these reports have demonstrated innovation through a multitude of partnerships and initiatives. Each report outlines a project’s objectives and the development strategies used to achieve them. The reports can be read at:

www.huduser.org/portal/bestpractices/home.html

Loan Closings

During the month of March 2014, the following loan closings occurred:
Insured– PA: Flagship City Apartments, and Section 811- NJ: Acacia-Lumberton Manor.

