Section 3 Job Opportunities

Last month, Julián Castro announced new changes to strengthen a federal program called “Section 3” that directs jobs and training to low-income workers and connects businesses that hire them with HUD-funded contracting opportunities.

The initiative would increase opportunities for businesses that hire local public housing residents for HUD-funded projects. In addition to changes to Section 3 requirements, Secretary Castro also announced the launch of a National Section 3 Business Registry. The registry is a searchable online database that local housing authorities, government agencies, and contractors can use to find firms that are self-certified as employing at least 30 percent public housing residents or low-income workers.

Every year, HUD funds create thousands of jobs across the country that range from construction to professional services like accounting or engineering. From 2009-2014, based on data reported by public housing authorities and HUD modeling, approximately 170,000 jobs were created by HUD for eligible low-income workers through this program. More than $5 billion in HUD-funded contracts has been directed to Section 3 businesses since 2009.

While businesses are only required to hire 30 percent low-income workers, that goal has been exceeded nationally. About 50 percent of new hires for HUD-funded contracts are low-income workers or public housing residents.

In 2012, HUD launched a five-city pilot Section 3 Business Registry in Detroit, Los Angeles, Miami, New Orleans and Washington, DC. The pilot will help local public agencies better connect local businesses that hire low-income residents and workers with the contracting and economic development opportunities created by HUD-funded housing and development projects. This is something that is required under Section 3 guidelines. Nearly 1,000 businesses have signed up for the registry nationally. Secretary Castro applauded the nearly 300 Section 3 businesses that have signed up for the registry statewide and announced that the initiative will now become national.

To register a business, search the database of local self-certified Section 3 businesses, or to learn more about HUD’s National Section 3 Business Registry, please visit: www.hud.gov/sec3biz.

For more information about the Section 3 program, please visit:

www.hud.gov/Section3.

Fair Housing Month

April is Fair Housing Month, commemorating the 47th anniversary of the 1968 Fair Housing Act. The nation reaffirms the rights of every person to live where they choose, regardless of their race, color, national origin, sex, religion, familial status, or disability.
**RAD Conversions**

Approximately 150 properties, nationwide, are still assisted through Rent Supplement or Rental Assistance Payments (RAP) contracts. In the Northeast region, there are 106 active projects (seventeen with pending applications for RAD conversion) - 71%.

By law, Rent Supp and RAP contracts must be tied to an eligible FHA-insured subsidized mortgage, such as a Section 236, Section 221(d)(3), Section 221(d)(4), or Section 221(d)(5) mortgage, Section 202 of the Housing Act of 1959, or to an eligible mortgage provided by a state Housing Finance Agency. The contracts that remain active today were executed 30 to 40 years ago, and are reaching expiration.

Unlike other rental assistance programs, such as Section 8 project-based rental assistance, Rent Supp and RAP contracts are not eligible for renewal. When the contracts expire, the properties no longer receive project-based rental assistance. The Consolidated Appropriations Act of 2015 allows HUD to offer an extension for up to one year for these expiring contracts. Rent Supp and RAP contracts and contract extensions automatically terminate upon prepayment or maturity of the mortgage, or 40 years from the date of the first payment made under the assistance contract, whichever occurs first. RAD authorizes the conversion of expiring Rent Supp or RAP contracts to a long term, 15-year Project-Based Voucher (PBV) contract administered by a Public Housing Authority (PHA).

If an owner does not intend to submit a RAD request, HUD will not agree to a contract extension. Instead, eligible tenants of Rent Supp and RAP contract units may receive Section 8 tenant-based Housing Choice Vouchers (TPVs) at the time of contract expiration or termination.

HUD is strongly encouraging owners to convert assistance under RAD to preserve the affordability of these properties. Rent Supplement and RAP conversions are made non-competitively. However, since they are subject to the availability of funding in the Tenant Protection Voucher account, affected project owners should contact their local HUD Program Center to get into the funding queue.

**Scanning Training**

In preparation for Wave 4 of Multifamily Housing’s Transformation, that is expected to start this fall, Asset Management staff from the future Northeast Multifamily Regional Center received scanning training in New York, on February 25, and in Philadelphia, on March 24, 2015.

After all of the documents to be scanned have been identified and tabbed, they will be boxed and sent to a contractor in Kansas City to be scanned and then shipped to the Federal Records Center.

The scanning and digitization of Asset Management’s critical project documents is a fundamental tool for staff to manage assets, communicate with stakeholders and conduct workload sharing among HUD offices. The ultimate goal of this major undertaking, is to create a paperless office, where all incoming and outgoing work will be completed electronically.

**Risk Share Program Update**

HUD’s Risk Sharing Program has been very successful, with 33 State and local Housing Finance Agencies and two Qualified Participating Entities (Fannie Mae and Freddie Mac) financing over 1,000 mortgage loans, totaling nearly $6 billion and supporting more than 110,000 in affordable housing.

The program has become an important part of meeting HUD’s goal to develop and preserve affordable housing. In fiscal year 2014 under the Section 542(c) Housing Finance program, the Department insured 36 risk sharing loans, with 4,331 units, totaling $300 million and for the Section 542(b) QPE Risk Sharing program, HUD insured 14 mortgage loans with 2,700 units, totaling $306 million. With two new initiatives, Small Buildings Risk Sharing and the Federal Finance Bank (FFB) programs, increased volume is anticipated.

**Easing the Rental Crisis**

The future New York Multifamily Regional Center provides 1,707,608 households with rental assistance. That impacts 3,183,130 individuals who reside in those households.
ELA Conference

The 11th Annual Eastern Lenders (ELA) Conference was held in Baltimore, MD at the Hyatt Regency, on March 9-11, 2015, with over 400 industry partners attending.

Participating in the conference were lenders, consultants and attorneys from the Mid-Atlantic and New England regions, as well as HUD managers from the Philadelphia, New York, Boston and Baltimore Hubs. Ben Metcalf, DAS Multifamily Housing Programs, was the keynote speaker.

Among the topics of discussion were: MAP Market Study Requirements, Capital Markets, Healthcare Appraisals and Market Studies, Multifamily Transformation, PILOT and RAD Programs, MAP Guide revisions, the PCNA e-Tool, and Hospitals (Section 242).

FY 15 Income Limits

HUD has released its FY 2015 Median Family Income estimates and FY 2015 Income Limits. The FY 2015 Income Limits were published on March 6, 2015, and are effective immediately.

The income limits can be found at http://www.huduser.org/portal/datasets/il.html

Swarming Termites

During the spring, termite colonies produce “swarmers”- winged adults that fly away to form their own colonies. Swarming usually occurs during the daytime and is simply nature’s way of reminding you that termites are nearby.

Swarmers likely originate from a nearby underground nest. If most of the insects are found outdoors, then the nest is likely somewhere in your yard, possibly near an old tree stump or landscape timbers. If you find most of the swarmers indoors, then you quite likely have an infestation under/in your property. In most cases, the termite swarmers simply die if they cannot escape from your property. Although killing swarmers eliminates the nuisance problem at hand, it does not provide any protection from further termite activity that may already be causing serious damage.

Protecting your property from termites requires a proper soil treatment with a liquid insecticide or the installation of a baiting system, or another method approved by your local jurisdiction.

What should you do if you find termites swarming? The first thing is to confirm that you indeed have termites. Many species of ants also produce winged adults and to the untrained eye they look very similar to winged termites. If you have a termite contract, contact the pest control company as soon as possible so they can take corrective action. If you do not have a termite contract, contact 2-3 reputable pest control companies and arrange for them to inspect your property. If your property is infested with termites, then consider getting it treated.

Additional information about termite treatments is available online at the following websites:


Healthy Homes Award

HUD and the National Environmental Health Association are pleased to announce the first annual Secretary’s Awards for Healthy Homes. These awards will recognize excellence in healthy housing innovation and achievement. Nominations for activities or policies that show measurable benefits in the health of residents will be accepted, via e-mail, until April 30, 2015. To submit a nomination, see:

www.huduser.org/portal/about/AwardforHealthy_Homes2015_1.html

Minimum Hourly Wage

Twenty-nine states and DC have hourly minimum wages above the $7.25 federal minimum wage.

Of these states, 11 (38%) are within the jurisdiction of the future Northeast Regional Multifamily Center. Namely, NJ- $8.38, WV- $8.00, DE- $7.75, NY- $8.75, DC- $9.50, MD- $8.00, MA- $9.00, ME- $7.50, RI- $9.00, CT- $9.15 and VT- $9.15.
Failing REAC Scores

Section 230 of HUD's Fiscal Year 2014 Appropriations Act and Section 226 of HUD's Fiscal Year 2015 Appropriations Act require HUD to take certain actions if a multifamily housing project with a Section 8 contract or with a contract with similar project-based project assistance receives a failing score by REAC. Housing Notice H 2015-02, dated March 2, 2015, states the required actions that HUD must take for multifamily projects receiving failing REAC scores (i.e., 59 or below).

If a project receives a failing REAC score, the owner is provided with a letter, within 30 days, giving him the opportunity to respond to the inspection report by requesting a technical review within 30 days of the release date or a data-base adjustment within 45 days of the release date. If the violations remain, HUD shall develop a Compliance, Disposition and Enforcement Plan (CDE) within 60 days, with a specified timetable for correcting all deficiencies.

If the owner fails to comply with the terms of the CDE Plan, Section 230(b)(2) allows the Department to replace project management with a management agent acceptable to the Secretary and requires the Department to take one or more of the following four actions and provide notice of these actions to the owner, local government, and any PBCA/contract administrators and/or mortgagees:

- Impose Civil Money Penalties. If the project is not already in the DEC for the physical deficiencies, MFH staff must make an elective referral to the DEC.
- Abate or partially abate any Section 8 HAP or other rental assistance until all deficiencies have been corrected.
- Encourage a transfer of the project or transfer and assignment of a HAP Contract to a new owner.
- Seek judicial appointment of a receiver to manage the property or seek a judicial order of specific performance to cure all project deficiencies.

In the case of an insured, HUD-Held, Section 202 or a Section 811 project, the Hub Director may also request approval to proceed with assignment and/or foreclosure of the loan or capital advance.

The Hub Director may recommend that the Department exclude the owner from further participation in HUD programs, using a Limited Denial of Participation (LDP), a Suspension or a Debarment.

HUD will now report to Congress, semi-annually, any project that receives a score of 30 or less and all projects that receive consecutive scores of 59 or below.

The notice can be read in its entirety at: http://portal.hud.gov/hudportal/documents/huddoc?id=15-02hsgn.pdf

Benefits of Houseplants

Houseplants can connect a city dweller to the natural world. They not only embellish interior spaces but can actually enhance a tenant’s quality of life. Here are some of their beneficial qualities:

- Absorb carbon dioxide and release oxygen.
- Increase room humidity.
- Purifies the air by removing toxins (up to 87 percent of volatile organic compounds (VOCs) every 24 hours).
- Improves health (speeds recovery rates of surgical patients, decreases fatigue, colds, headaches, coughs, sore throats and flu-like symptoms).
- Sharpens focus.

To improve health and reduce fatigue and stress, you should place one large plant (8-inch diameter pot or larger) every 129 square feet. To purify air, you should use 15 to 18 plants in 6- to 8-inch diameter pots for an 1,800-square-foot house. That’s roughly one larger plant every 100 square feet. Similar results can also be achieved with two smaller plants (4- to 5-inch pots).

The best plants for indoor use are: Spider Plant, Dragon Tree, Gerbera Daisy, English Ivy, Boston Fern, Peace Lily, Philodendron, Pothos, Bamboo Palm, Chinese Evergreen, Weeping Fig, Cacti, Succulents, Braided Ficus Tree, Chinese Evergreen, African Violet, Indoor Bonsai Tree, Rubber Tree, Jade Plant, Zebra Plant, Begonia, Lavender and Fern.

Project owners and management agents should consider the development of a gardening club as a tenant activity. As previously stated, caring for plants can result in a broad range of positive physical and psychological well-being outcomes for tenants. These include providing opportunities for individuals to relax, undertake physical activity, socialize and mix with neighbors, sharing across culturally different backgrounds and religions.
New Green Construction Code

The International Code Council’s (ICC) 2015 International Green Construction Code has been completed and will be published as part of the set of 2015 I-codes.

The new code covers six sustainability areas:

- Site Development and Land Use.
- Material Resource Conservation and Efficiency.
- Energy Conservation.
- Water Conservation.
- Indoor Environmental Quality and Comfort.
- Commissioning, Operations and Maintenance.

Additional information can be found at:

www.iccsafe.org

Floor Longevity

Proper maintenance is crucial for limiting refinishing operations and extending the life of flooring.

Managers should never wait until soiling becomes visible or traffic patterns become deeply imbedded into the flooring materials. Maintenance staff should understand the importance of adhering to routine cleaning schedules to remove daily soils. In short, the less grime there is on your floors, the more time you can wait between deep cleanings that may involve scrubbing, stripping and refinishing.

Exercise Your Brain

Researchers have found that aerobic/cardiovascular fitness training may maintain and enhance the central nervous system’s health sparing or increasing the size of brain regions that contribute to balance, coordination, movement and cognition.

These changes may have health implications, especially for the elderly, by possibly reducing the risk of falling and mobility limitations. Accordingly, Section 202 projects should consider developing a exercise program for their tenants. More information about the benefits of exercise can be found at the U.S. National Library of Medicine’s web site at:

www.nlm.nih.gov

Renters Insurance

Many tenants do not realize that they need renters insurance. They incorrectly assume that their personal contents are covered by the building’s hazard insurance policy.

Renters insurance, also called home and contents insurance, covers a tenant’s belongings (e.g., clothes, furniture, electronics, etc.) from theft and damage caused by fire, lightning, windstorms, hail, explosions, smoke, vandalism and plumbing leaks. It also provides liability coverage if someone is injured in their apartment. Part of that liability coverage, which is typically about $2,000, is to pay the injured person’s medical bills. It can also pay for any lawyer fees and settlements. Another benefit of renters insurance is to provide coverage for temporary living expenses if the apartment is damaged by a fire, storm or other covered event and becomes uninhabitable.

Renters insurance is affordable and worthwhile. Most premiums cost as little as $1 per day. Typically, premiums range from $100 to $300 per year, with an average of - $185. Tenants can obtain five insurance quotes online at:

www.netquote.com

Living without the protection of a renters policy may become a mistake a tenant cannot afford to make.

Unsubsidized Affordable Housing

Although developers are consistently adding affordable housing units into the market, demand for these units continues to outpace supply. Current financing systems for affordable housing, which rely heavily on subsidies, may create a disincentive for developers to create more market-oriented affordable housing.

A recent report published by the McKnight Foundation focuses on the feasibility of a “light touch” approach to creating permanently affordable housing with little or no subsidy.

To learn more about this concept, see:

www.huduser.org/portal/pdredge/pdr_edge_trending_022315.html
**Roof Maintenance**

Poor drainage, deferred maintenance and infiltration issues can cut a roof’s service life in half and significantly increase a building’s energy bill. To avoid this situation, preventative maintenance must be performed to keep a roof in good condition.

A flat roof on a commercial building can easily last 20 years or more. However, if maintenance is deferred or neglected, it could drop to only 10 to 15 years. Since annual maintenance costs are about 1% of the cost of new roof, it makes sense to implement a maintenance program. A proactive maintenance plan includes ongoing inspections to evaluate the roof's condition. The purpose of these assessments is to uncover failure conditions and repair them before they become a reality. A good rule of thumb is to inspect a roof twice a year, (before and after winter), as well as after major storms. Also, you should also look for damage whenever there’s been work done on rooftop equipment since contractors may inadvertently cause damage by leaving debris, such as leftover screws and nails. Poor detailing from installation or repair work may also compromise the assembly, and even heavy foot traffic can result in wear and tear. Other issues to look for include holes, flashing defects, animal activity, and organic debris such as leaves and sticks.

You may also encounter damages that are specific to your roof type: Built-Up Roof- blisters; Modified Bitumen – blisters; Single Plys- open seams, splits, or cuts; Metal Roofs- seams popping open and fasteners; and Ballasted Roofs- shifting ballast.

As repairs are called to your attention, it’s critical to address them in an appropriate time frame. Water leaks or defects allowing water into the building should be addressed immediately. Repairs should also take precedence over patches.

Also, be conscious of your warranty which may limit who is allowed to perform repair work. It can also restrict what revisions are permitted on the system in the first place. Even if your proposed repair qualifies under the warranty, make sure you are able to provide proof of maintenance to maintain your coverage.

(Source: Buildings- January 2015)

**Energy Savings for Elevators**

The energy efficiency and reliability of elevators has greatly increased in recent years due to technological advancements.

If your high-rise has elevators that are 15-20 years old, you should consider the following upgrades:

- Replace the Drive System. Older drives, such as motor generator sets, are continuously running, which can be very inefficient and contribute to a large waste of energy. They can also contribute to hidden energy costs in a building because they generate a lot of heat, which can require additional energy to cool the HVAC equipment.
- Install a New Replacement Hydraulic Elevator (if so equipped). An older and slower hydraulic motor likely uses 40-60 HP, compared to the 6-8 HP motor typical of a modern machine room-less (MRL) elevator. That means whenever the elevator is actively working, it’s expending energy, whether it’s hoisting the car or just leveling as it approaches the right floor.
- Replace Lighting and Control Buttons. The majority of older elevator cabs have T12 fluorescent lights that may have been upgraded to T8s, and a lot of them have halogen down lights that consume a lot of energy and give off heat. Many LED retrofits can be done with a small controller drive that mounts on the top of the cab.
- Replace the Starter. You can expect to save $300-500 per year on this upgrade, the cost of which starts around $2,500. The greatest savings with a new starter are from its protection against poor quality power that can lead to brownouts.
- Install Controllers. Check to see if local codes allow controllers with standby mode where the elevator will either shut off or reduce lighting and HVAC in the elevator while it’s unoccupied.

(Source: www.buildings.com)

**MAP Guide**

Changes to the new MAP Guide can be viewed and commented upon. Comments are due by April 30, 2015. They can be sent to: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/MFH_policy_drafts/MAP_DRAFT_GUIDE
PHILADELPHIA

Rental Registration Letters

Last month, the City of Scranton mailed out letters to owners of rental properties requiring them to register with the city in an effort to increase accountability.

PennDel AHMA Meeting

Shirley Bryant, Program Advisor, attended the PennDel AHMA’s Spring Membership Meeting, on March 20, 2015, in Trevose PA.

She gave presentations on Multifamily’s Homeless Placement Initiative and the USDA Summer Food Program.

Revitalization of Historic Building

The historic G. G. Green’s Block, a former opera house located in downtown Woodbury, NJ has been revitalized and repurposed.

Over the years, the historic building was sold and remodeled several times, and an earthquake in 2011 left the building, then vacant, structurally unsafe. Working with the state historic preservation office, the developer created a plan to repair the historic structure while adapting the interior for affordable housing. The renovation included retrofitting the first floor to the original configuration of four storefronts, preserving the 3,500-foot ballroom for use as a community room and constructing an addition.

The renovated building is LEED Platinum certified and provides 55 affordable apartments for low-income seniors and homeless veterans and 7,000 square feet of retail space along Woodbury’s South Broad Street commercial corridor.

PAA East Awards

Three of Community Realty Management’s properties were awarded Pennsylvania Apartment Association East’s (PAA East) “Best in Apartment Living Awards” for Excellence in Community Presentation.

The award-winning projects were: Mt. Carmel Gardens, Philadelphia, PA; Opportunities Towers I & II, Philadelphia, PA and The Greens at Pine Hill, Pine Hill, NJ.

The awards are an acknowledgement of excellence within the apartment industry of the Metropolitan Philadelphia and Southern New Jersey.

Congratulations!

PA Property Tax/Rent Rebate

PA’s property tax/rent rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. The income limit is $35,000 a year for homeowners and $15,000 annually for renters, and half of Social Security income is excluded. The maximum standard rebate is $650.

Renters with the following incomes will receive these maximum rebates:

- $0 to $8,000- $650
- $8,001 to $15,000- $500

Rebate forms must be filed by June 30, 2015. Additional information can be found at:

http://www.revenue.pa.gov/GeneralTaxInformation/PropertyTaxRentRebateProgram/Pages/default.aspx#.VRG3zPzF9BY

New York

Leadership Retirements

Effective May 2, 20015, Teresa Bainton, New York Hub Director and Acting Philadelphia Hub Director will be retiring from federal service. She is joined in her retirement with Yvette Lugo, Operations Officer and Diane Lima, Program Advisor.

All three employees have had outstanding careers with HUD and we wish them the best in their well-deserved retirements.
USDA Summer Food Service Program

This summer, the Boston Hub Office will be partnering with the USDA’s Summer Food Service Program (SFSP). The program, which receives federal funding, and is administered by the state, provides meals to low-income children and teens under 18 years of age during the summer, when they are no longer able to receive meals provided by the schools.

The Boston Hub Office has set a goal of identifying three suitable sites in each of the six New England states to participate in this program, and is deeply honored and excited for the opportunity to work along with the USDA in providing such an important service to the children and teens throughout our region.

Last summer, in the Northeast region alone, there were 631 SFSP sponsors, and 4,612 meal sites, which served over 24.2 million meals. This year, the program has set a goal of serving 200 million meals to children in need nationwide.

Peace Corps Volunteers

Two newly hired Returned Peace Corps Volunteers in the San Francisco office, Julie Carter (Peace Corp Moldova) and Davin Lal (Peace Corp Kenya) recently shared their insight on how the Peace Corps experience prepared them to work at HUD.

- **Being a self-starter**: Most of the time we are put into a position without a set training program. Our Peace Corps experience has always taught us to hit the ground running and always asking questions starting day one. At HUD there was no set training plan, but we made one for ourselves with the guidebooks and talking with other coworkers at HUD.

- **Patience**: During our Peace Corps experience we had a lot of obstacles dealing with the new culture and environment. We always had to take a step back and be patient with the new role. We learned not to get overexcited and get discouraged with red tape.

- **Evaluating Each Day by Journaling**: In Peace Corps, Julie learned that journaling has a way of putting all of your stresses in life in perspective. Then it helps you create solutions to those challenges.

- **Respecting Everyone’s Autonomy**: Working with different communities in Peace Corps has taught us that every person that you meet has something to contribute. It is very important that you do not write off a person based on different factors and what other people tell you in the office.

- **Being able to give constructive criticism to others**: We have learned that positivity is key for getting anything completed. Letting people know their strengths makes people feel good and it allows for them to share those skills. Also, when you share challenges with other than they are more likely to listen to your feedback.

- **People Skills**: Our Peace Corps service has taught us how to interact with different people from different socioeconomic backgrounds in order to empathize with their situation. Dealing with tenants and management companies has taught us to clarify and write everything down in order to give constructive feedback.

- **Understanding databases**: While in Peace Corps, volunteers interact with project databases to ensure sustainability and efficiency when using grant funds.

- **Problem Solving Skills**: Peace Corps volunteers face many problems at work and at home. These problems stem from cultural differences or miscommunication. Oftentimes, Peace Corps volunteers have to master finding the root of a problem and acting quickly towards a targeted solution.

- **Knowing How to Work in a Team**: Peace Corps volunteers collaborate in teams on some of the main issues youth, minorities, or women face in several countries. Knowing how to best serve a team is essential to overall productivity and impact.

BALTIMORE

Groundbreaking

On March 3, Bob Iber, Director Project Management, attended the ground breaking for the redevelopment of the 11 story, 224-unit Marlborough Apartments, an historic 107-year-old building in Baltimore’s Bolton Hill neighborhood. The building was the home of the Cone Sisters, early 19th century art collectors.

Also in attendance were the Baltimore Mayor Stephanie Rawlings-Blake and Maryland DHCD Secretary Ken Holt. The rehabilitation is funded through 4% Low Income Housing Tax Credits, State of Maryland Bond Funding and State of Maryland direct funds. HUD is providing a 20-year Section 8 HAP Contract.