



PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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Section 236 Prepayments

On January 6, 2014, a letter was sent to all owners of Section 236 projects whose mortgages will reach their respective maturity dates within the next several years. The maturity dates for these HUD mortgages pose a certain level of risk to lower income tenants who currently reside at these properties, since each owner has the option to terminate the mortgage at maturity and significantly raise the unit rents upon renewal of the lease.



Owners are encouraged to voluntarily provide their tenants with a minimum of 270 days, but not more than one-year's advance notice, of their property's Section 236 mortgage maturity date. While they are not required under federal statute or HUD regulations to do so, this voluntary action can be particularly helpful to tenants of affordable housing. Specifically:

- In the event that an owner intends to terminate his mortgage at maturity and raise unit rents, tenants can use as much advanced notice as possible. This will allow them to give due consideration to their housing options and will provide the time necessary to make alternative housing arrangements.
- Conversely, if an owner intends to preserve the long-term affordability of his property, tenants will appreciate knowing this fact as soon as possible. This information will prevent tenants from

unnecessarily expending time and energy exploring alternative housing options they feel they might need if the property converts to market-rate rents after the Section 236 mortgage matures.

Two other purposes of the letter were to remind owners that tenant notification requirements apply to the prepayment of Section 236 mortgages and to direct them to the following preservation resources, including the new streamlined Section 236 prepayment and preservation tool:

www.hudmfpreservation.net/

http://portal.hud.gov/hudportal/HUD?srcqprogram_offices/housing/mfh/hsgmfbus/aboutahp

http://portal.hud.gov/hudportal/HUD?srcqprogram_offices/housing/mfh/presrv/presmfh/section236presery

Questions and comments can be submitted by e-mail to the following address:

236Preservation@hud.gov.

50th Anniversary- War on Poverty

“January 8, 2014, marked 50 years after President Johnson’s historic ‘War on Poverty’ declaration. After a few short years following an historic economic crisis, this cause is as important as ever. We are a nation that cares about our neighbors and strives to build a better future for all. That’s why all of us must make addressing poverty a top priority. Working together, we can build ladders of opportunity that reach all neighborhoods and fulfill the basic American promise that you can make it if you try.” (Shaun Donovan, Secretary of HUD).



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Promise Zone

The White House announced, on January 9, 2014, that the Mantua area of West Philadelphia was selected as one of the nation's first five "Promise

Zones," a program aimed at cutting unemployment, poverty, and crime, enhancing education and attracting private-sector investment and jobs.

"Promise Zones are a new way of doing business," the administration official said. "They will be led by local community leadership working toward a common goal ... supported by the federal government."

Participants will get priority for federal grants and help applying from an array of agencies.

The program will be coordinated through the mayor's Office of Community Empowerment and Opportunity and is to involve, among other entities, the Police Department, the School District, the Philadelphia Housing Authority, Drexel University, and several nonprofits, according to the city. The idea is to get them all moving in the same direction.

The Philadelphia zone, one of only two urban areas, includes 35,315 residents in an area where the poverty rate is 51%, vacant housing is 14% and unemployment is 13.6%.

Eleven goals for the zone will include fighting crime, expanding pre-kindergarten education, increasing home ownership and attracting businesses and jobs. Sen. Robert P. Casey said that being chosen for the program "has the potential to be a game-changer that will lift up what is already one of the country's most dynamic cities."

The other initial Promise Zones are communities in San Antonio, Texas; Los Angeles; southeastern Kentucky; and the Choctaw Nation of Oklahoma. The administration plans to expand to 20 locations within the next three years.

Nineteen urban communities initially applied for the program, along with 12 applicants from rural and tribal areas.

NAHMA Awards

Congratulations to three of the Philadelphia Hub's AHMAs for being recognized for their outstanding accomplishments.



The following awards will be presented at NAHMA's annual winter meeting, March 9-11, 2014, in Washington, DC:

AHMA Innovation Award- This award is given for a new and innovative program, service or activity. The recipients are:

PAHMA (medium-size AHMA, western PA)- In partnership with the Victim Outreach Intervention Center (VOICe), PAHMA presented an innovative program "Bullying Hurts...at Any Age!" at its annual conference. This program explored bullying in the residential setting- defining what it is and exploring the intimidating tactics used across different age groups.

JAHMA (small-size AHMA, New Jersey)- The JAHMA Foundation embarked on a new initiative to assist returning veterans in securing safe and affordable housing in JAHMA-member apartment communities and throughout the state of New Jersey. Assistance will also be provided to these veterans in securing furniture for their homes. As a long-term goal, the Foundation wishes to assist the returning veterans by acquiring their own homes.

The PennDel AHMA (small AHMA, eastern PA & DE- Received the AHMA Communities of Quality® Award. This award is given to the AHMA with a demonstrated active and superlative program supporting the National COQ Recognition Program.

PennDel AHMA has a total of 44 Communities of Quality. In March 2013, Newberry Estates received the 2012 NAHMA COQ Exemplary Family Development Award.

PennDel AHMA focuses on the Corporate Partner designation, wherein management companies have at least 50% of their property portfolio accepted into the COQ National Recognition program. For 2013, the team at Hillcrest Commons, managed by Community Realty Management (CRM), will receive this award for Outstanding Turnaround of a Troubled Property.

Increased Rental Demand in NJ

The following is an excerpt of an article that appeared in the *Asbury Park Press* on January 5, 2014:



“In the years since the Great Recession tumbled housing prices and greatly reduced personal incomes, a growing number of Americans have given up their homes and turned to renting. But as rent increases have outpaced income growth in the U.S., according to a recent Harvard University study, millions of Americans are feeling the financial squeeze.

The pressure is even more pronounced around the Jersey Shore, where a Superstorm Sandy-damaged housing market forced many flooded homeowners in New Jersey to rent inland apartments. The surge in competition for rental properties has driven up prices and left many middle and lower-income families struggling to afford housing.

Many middle class Americans are in the same predicament. In 2013, 43 million Americans rented their homes, according to Harvard University’s Joint Center for Housing Studies. Rentals increased from 31% of the nation’s housing stock in 2004 to 35% in 2012, researchers found.

As demand rose, the number of rental homes on the market increased by 3.4 million between 2007 and 2011. Most of those (about 3 million) were the result of single-family, owner-occupied houses being converted to rentals, according to the Joint Center for Housing Studies. At the same time, vacancy rates for rentals dropped from 10.6% in 2009 to 8.5% in 2013, and net operating income rose between 2010 and 2013, researchers found.

While landlords benefited, renters paid the price. In 1960, less than 25% of renters spent 30% or more of their income on rent. But in 2010, 50% of renters in the U.S. paid more than 30% of their income in rent, the Joint Center for Housing Studies found. Of those, 27% spent 50% of their pay on housing, researchers found. In 2013, an estimated 67% of renters living in Ocean County and 64% living in Monmouth County could not afford to rent an average two-bedroom apartment, according to the Housing and Community Development Network of New Jersey. Average costs for two-bedroom apartments in both counties were about \$1,410 per month, meaning a family would have to earn \$56,400 to

make the apartment affordable, according to the network’s figures.

Though the economy is partly to blame- pay cuts and layoffs have strained New Jersey workers- there is another factor at work, stated Nina Arce, media coordinator for Housing and Community Development Network of New Jersey (HCDNNJ), a statewide association of more than 250 affordable housing and community development corporations, individuals and other organizations that support the creation of housing and economic opportunities for low- and moderate-income New Jerseyans. “There’s been a lot of restrictive zoning in many municipalities. They just don’t want to build those multifamily homes, those starter homes,” she said. “It’s just a way of keeping out lower income people.”

Efforts by the state Council on Affordable Housing to develop more lower-income housing options have been weakened through legal battles between state courts and Gov. Chris Christie, Arce said.

Maureen Mulligan, executive director for Coastal Habitat for Humanity, based in Asbury Park, said middle-class Americans are being squeezed by expensive housing costs. After Sandy, some landlords used money recouped for flood damage to renovate and upgrade their apartments, then boosted the rents, Mulligan said.

New Jersey is the fourth most expensive state for renters, according to HCDNNJ. A worker must earn at least \$24.84 per hour to afford an average two-bedroom apartment, according to the network.

The mean wage for renters in the state is only \$16.77 per hour, according to the housing network.”

New Market Conditions App

HUD has announced the launch of the U.S. Housing Market Conditions app for Android and Apple iOS-powered smartphones. This easy-to-use app displays current national housing data and housing market trends through Quarterly Key Indicators, Supply Data Charts, Demand Data Charts, Finance and Investment Data Charts, and Ownership and Vacancy Data Charts.

Owners of Android powered smartphones can download the app at: <https://play.google.com/store/apps/details?id=huduser.org.pdrushmc2014>.

Owners of Apple iOS powered smartphones should visit the following mobile USHMC site and direct Safari to “Add to Home Screen”: <http://m.huduser.org/ushmc/>

New Life for Francisville

The oldest neighborhood on North Philadelphia is getting some new life. Francisville, a 28-square block former industrial area, is attracting interest from developers and realtors. It has a very old-fashioned feel with some of the oldest buildings and sidewalks in the city. Home prices range from below \$100,000 to just below \$300,000. Historically a working class community for those working in nearby factories, Francisville had become rather worn in recent decades. But one walk through the neighborhood today shows it is clearly revitalizing with a mix of affordable housing and upscale market-rate housing.



Blakely Minton, a real estate agent at Redfin, has noticed the growing appeal of Francisville- which, she says, has a lot more to do with the location than anything specific the area has to offer. "It's becoming more popular for the same reason that Northern Liberties did bleed out. There's only so much room in Center City and the Art Museum area. My experience with people buying in this area is its young professionals who are recently married and looking for a little more space for less money. Plus, there are several new projects to choose from."

Some recent projects have been: The Vineyards at 16th Street, an eco-friendly, sustainably designed development that includes 60 condo units and a market place on Ridge, designed to resemble a small Reading Terminal Market; a \$20 million project, funded by musician Jon Bon Jovi for Project H.O.M.E. and People to People Inc.; and The Exchange, a residential reuse of an old commercial building on 16th Street. Also under development is the Folsom Powerhouse from innovative green developer, Postgreen Homes, and Francisville East, an affordable development of 16 townhouses and 27 senior apartments.

The effect of all these developments is to completely transform this blighted area into a showplace that will revitalize the neighborhood.

Fast Housing Fact



The Delaware Housing Coalition states that every dollar invested in housing generates \$7.00 in additional economic activity.

HUD Core Values

HUD has established the following five core values for its staff:



- **Accountability:** We individually and collectively take responsibility for our performance and our conduct.
- **Efficiency and Effectiveness:** We will maximize our resources and efforts to continually improve the efficiency and effectiveness of our individual and collective performance. We strive for simplicity in our lines of authority and clarity in our lines of communication and to eliminate the red tape of bureaucracy. We support a productive work environment that balances high performance with the need for a healthy personal and community life.
- **Fairness and Respect:** We value each other, demonstrate compassion for those we serve, and treat others the way we would like to be treated. In respecting others, we conduct our work and administer our programs with fairness and justice, and with a commitment to civil rights, inclusion, and diversity.
- **Integrity:** We approach each other, our stakeholders, and our work with honesty and the highest ethical standards.
- **Teamwork:** We work together in a spirit of camaraderie, trust, and collaboration. We believe that by contributing our individual strengths we can accomplish more together than separately. We are open-minded, ready to adapt, and willing to embrace innovation and creativity when confronting challenges in our work. We will promote excitement and enthusiasm in our workplace.

Land Bank Law

Mayor Michael Nutter, City of Philadelphia, signed the land bank legislation into law.

As discussed in the November 2013 issue of *Philadelphia Hub News*, the bank will act as a clearinghouse for the 10,000 parcels of city-owned land. The bank will benefit residents, developers, and leaders who find it difficult to navigate the myriad of city agencies that control real estate.



Energy Savings

The amount of electricity consumed in the U.S. declined in 2013 for the third year in a row to the lowest point since 2001. This is due to energy-efficient housing, appliances, and gadgets.



In the early 2000s, as energy prices rose, more state-adopted or toughened building codes to force builders to better seal buildings so heat or air-conditioned air did not seep out so fast. Also, insulated windows and their building technologies dropped in price, making retrofits of existing buildings more affordable.

Big appliances, such as refrigerators, dishwashers, water heaters, washing machines, dryers, and air conditioners have gotten more efficient thanks to federal standards that get stricter every few years. For example, typical room air conditioners uses 20% less electricity per hour than it did in 2001.

Energy savings have also extended to common light bulbs, where incandescent bulbs are rapidly being replaced with compact fluorescent bulbs and LEDs that use 70% to 80% less power. According to the Energy Department, widespread use of LED bulbs could save output equivalent to that of 44 large power plants by 2027!

How Long Do Light Bulbs Last?



In last month's newsletter, we discussed the phase-out of the 40 and 60 watt incandescent light bulbs and their replacement with energy-efficient halogen bulbs, compact fluorescent lamps (CFLs), and light-emitting diodes (LEDs).

Although these bulbs are more expensive, they last for a very long time. A traditional 60-watt incandescent light bulb lasts about 1,000 hours and costs about \$.45. In comparison, a comparable halogen bulb cost \$4.00 but lasts 3,000 hours; a CFL bulb costs \$2.50 and lasts 10,000 hours; and an LED bulb costs \$13.00 but lasts 25,000 hours, or 22 years based on a usage of 3 hours per day. (Note- It is expected that the price of LEDs will drop like the CFLs did).

According to the U.S. Energy Information Administration, CFL purchases, which stand at 430 million, are expected to peak in 2015 at 490 million. LED sales, however, are expected to more than double, from 100 million in 2015 to 210 million by 2030. They will become so common that they may be embedded in light fixtures in the future.

Keystone Opportunity Zones

The low-tax Keystone Opportunity Zones, mostly located in Philadelphia, expired with the start of the new year.



Keystone Opportunity Zones (KOZ) and Keystone Opportunity Expansion Zones (KOEZ) were created in 1999 to revive economically distressed urban and rural communities with one of the most powerful market-based incentives- eliminating state and local taxes.

A review of the program by the state of PA disclosed that it created 8,000 full-time jobs in the City of Philadelphia, as well as the construction of a \$218 million casino in the City of Chester that employs 1,672 people.

Hopefully, this successful program will be updated and expanded in 2014.

New Census Mapping Tool



The U.S. Census Bureau has released Census Explorer, a new interactive mapping tool that gives users easier access to neighborhood level statistics. The mapping tool uses updated statistics from the recently released 2008-2012 American Community Survey (ACS).

The new application allows users to map out different social, economic and housing characteristics of their state, county or census tract, and to see how these areas have changed since the 1990 and 2000 censuses. The tool allows users to look at the following eight statistics:

The new application allows users to map out different social, economic and housing characteristics of their state, county or census tract, and to see how these areas have changed since the 1990 and 2000 censuses. The tool allows users to look at the following eight statistics:

- Total population.
- Percent 65 and older.
- Foreign-born population percentage.
- Percent of the population with a high school degree or higher.
- Percent with a bachelor's degree or higher.
- Labor force participation rate.
- Home ownership rate.
- Median household income.

In addition to these characteristics, more than 40 social, economic and housing topics are now available through the ACS statistics for all communities in the nation, regardless of size, down to the block group level. For example, health insurance coverage statistics are now available for the first time at the neighborhood level.

Housing Mobility Conference

On January 9, 2014, PHFA, PHA, The Federal Reserve Bank of Phila., and the PA Human Rights Commission sponsored a conference, "Moving to a Higher Opportunity: Exploring Options and Opportunities for Housing Mobility."



The conference, located at Montgomery Community College (PA), was well-attended by over 200 housing professionals. Maurice Jones, Deputy Secretary of HUD gave the keynote address. Among the organizations providing presentations were: HUD, DVRPC, PHA, Federal Reserve Bank of Phila., PA Dept. of Community and Economic Development, Building One America, Quadel, Princeton University, John Hopkins University, West Orange Board of Education, Pottstown School District, Chapel Church of God, City of Montclair, City of Coatesville, City of Allentown, Housing Choice Partners, Center on Budget and Policy Priorities, and Poverty and Race Research Action Council.

Panel discussions centered on the following topics: Challenges in Finding Housing, Regional Perspectives on Fair Housing, Mobility Programs, and Affirmatively Furthering Fair Housing.

Assisted Housing & Crime

The latest issue of *Cityscape: A Journal of Policy Development and Research* features a research symposium about rental assistance and crime.



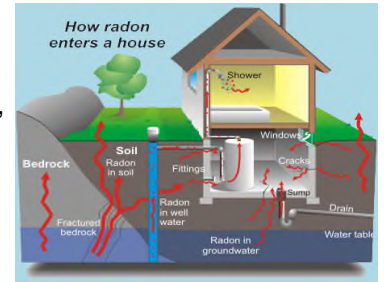
The five articles highlight the following crime-related issues and barriers that confront assisted populations: protocol for accepting applicants with crime or drug histories, role of employment and educational training to reduce recidivism, neighborhood safety after demolition of distressed housing, importing of social problems to neighborhoods by relocated voucher holders, and crime statistics regarding voucher holder perpetrators and victims.

To read these informative articles visit the following web site and click on "Next Article" at the bottom of the page.

<http://www.huduser.org/portal/periodicals/cityscape/vol15num3/guest.html>

Radon

January was National Radon Action Month. So, what is radon, you ask? Radon is an odorless, colorless gas that is the result of the natural breakdown of uranium in the earth. It seeps into our homes through cracks or permeable materials in our foundations.



Radon exists in every state in the country and is estimated to affect as many as 1 in 15 homes and causes approximately 21,000 deaths per year from radon induced lung cancer. Since you can't see or smell it, the only way to find out if a dwelling has radon is to test for it. The process is easy and inexpensive and test kits can be purchased at your local hardware store. If your dwelling has a radon problem, it can be remediated, which reduces the risk of lung cancer for the occupants.

To promote radon awareness and prevention, in 2013, HUD issued the Office of Multifamily Development Radon Policy. The policy requires radon testing and mitigation for participants in a significant portion of HUD's multifamily housing mortgage insurance programs and also requires new multifamily construction to be built using radon resistant construction. The Office of Public Housing also issued an Informational Notice on Radon which strongly encourages Public Housing Authorities to proactively plan and complete radon testing and follow-up with mitigation strategies.

For more information, visit the HUD and EPA web sites at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/healthyhomes/radon

<http://www.epa.gov/radon/>

Loan Closings



The following Section 223(f) Refinance loans closed in the month of January 2014: PA- Milton Village, a 79-unit, located in Milton and WV- Oakwood Terrace, a 148-unit, located in Charleston.