

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



Vol. 13 No. 6 Teresa Bainton, Acting Hub Director Thomas.Langston@hud.gov, Editor March 2014



www.hud.gov/local/shared/working/r3/mfhsq.cfm?state=pa

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RAD Update

The following RAD update was sent, by Secretary Shaun Donovan, to HUD’s industry stakeholders on February 20, 2014:



“I want to both commend and thank you for the tremendous work that you have undertaken and the interest you have shown in the Rental Assistance Demonstration (RAD). As of December 31, 2013, we had received applications to convert over 176,000 units of public housing and Section 8 Mod Rehab housing to long-term, Section 8 project-based contracts. Taken together with approved applications, were these additional applications to be awarded authority to convert assistance under RAD, PHAs across the country would be able to undertake a projected \$6 billion in needed improvements to their properties.

This is an extraordinary response in just over a year of accepting applications for RAD, or triple the 60,000 unit cap under RAD’s current authority. Despite the disappointing news that RAD’s current cap was not raised as part of the 2014 Omnibus Appropriations Bill, Congress is also quite impressed with your interest in RAD in this short period. It is clear in my conversations with members directly involved with HUD’s budget that RAD is seen as a highly-promising new resource in preserving public housing and certain other types of at-risk multifamily housing that is worthy of continued support. Unfortunately, the large and complex omnibus funding bill proved to be a difficult vehicle to address all of HUD’s priority needs.

We intend to continue to build on our RAD progress to date- along with other important priorities for PHAs, such as expanding the Moving-to-Work program, and building on the important streamlining steps that were started in the Omnibus Bill. While legislative options are pursued, HUD pledges to do its best to help PHAs and their partners advance the work that you have proposed under RAD through several measures.

First, for projects with initial approvals (or CHAPs) made under the current 60,000 unit cap, we will continue to fast-track and close projects as soon as they complete indicated milestones. A regularly updated list on where applications stand relative to the 60,000 unit cap and other helpful information can be found on the RAD website at: www.hud.gov/rad.

Second, although HUD will not be able to close deals in excess of the 60,000 RAD unit cap, until the cap is raised by Congress, for those applications in the queue not able to be approved under the current unit threshold, the RAD team at HUD will fully review and provide contingent approval of applications meeting all applicable criteria in the current RAD Notice. Also, HUD intends to honor the standing of current applicants in queue above the 60,000 unit threshold. Offering contingent approvals, according to the current queue in this manner, will enable the Department to quickly make CHAP awards relative to a change in the current cap, upon expanded authority for RAD.

Third, for PHAs that remain interested in RAD, but have not submitted an application, you are encouraged to do so. Such applications will be ordered in the current queue of applications, fully reviewed and offered contingent approval if deemed



viable. As with applications already in hand, new applications will be issued CHAPs according to their order in the queue relative to any increase in the RAD cap that Congress may provide.

Fourth, upon such an increase in the RAD cap in 2014, the Department will use the FY 2014 funding levels to set RAD rents for all pending, active applications above RAD's current 60,000 unit threshold that are currently in hand or received in 2014. As FY 2014 public housing operating and capital funds were not constrained by sequestration as they were in 2013, current applicants will find that RAD rents set in this way are nearly equivalent to the levels used to establish RAD rents to date.

Beyond these immediate measures, I have directed the RAD team to continue to actively work with you, your residents and partners, and other interested stakeholders in devising means to build on RAD's implementation efforts to date. We look forward to your ideas to improve on what we have started together. Again, please continue to regularly check the RAD website to help contribute to and learn more about the latest developments with RAD. I am very much committed to continuing to work closely with all of you in building on what many of you directly tell me- that RAD is a highly responsive and flexible resource in helping you preserve and improve vital public housing assets in your community."

Financial Statement Extensions

The Office of Housing has authorized a global 30-day extension to all owners with fiscal years ended 12/31/13. This extension is being offered to allow owners and auditors additional time to adapt to the requirements of Housing Notice H 2013-23, and the FASSUB system release on December 6, 2013, that implemented revisions to the *HUD Consolidated Audit Guide*, Handbook 2000.04. Submissions with fiscal years ended 12/31/13 will now be due on April 30, 2014.



Housing Notice H2013-23 was issued on August 8, 2013. This notice allows profit-motivated and limited distribution owners that receive less than \$500,000 in federal financial assistance to submit owner-certified financial statements instead of audited financial statements. The FASSUB system was updated on February 14, 2014 to accommodate these submissions.

A copy of Notice H2013-23 can be found on the HUD Multifamily website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg.

Section 236 Prepayments

The Office of Affordable Housing Preservation (OAHP) has updated its version of the 236 Prepayment Consolidated e-Application tool at:



www.hudmfpreservation.net

OAHP began the centralized processing of Section 236 prepayments and related approvals requested as part of prepayments in July 2013. A key component of the new centralized process is the use of an electronic application system. In addition to the lender submitting the required Form HUD 9807, owners are strongly encouraged to submit a prepayment request to OAHP directly using the e-application. While the use of the e-application is voluntary, HUD encourages its use because it creates a consistent, holistic platform for submitting requests.

In addition, the application has been simplified and streamlined to create an incentive for owners to use the tool, and to speed up processing times. The new e-application combines the functionality of the pre-application questionnaire and the previous e-Application. This version provides a simplified list of initial questions that leads to specific transaction requests. Additionally, it is less prescriptive regarding the necessary exhibits for each transaction type.

For expedited processing, all applicants are encouraged to visit the web portal and submit an application. The prepayment and/or request for other HUD approvals, such as IRP Decoupling will not be assigned to an OAHP reviewer until the e-Application has been submitted. The portal has also been updated to provide more interaction between HUD and the applicants. This added feature will provide a more transparent review and approval process.

Prospective applicants should visit the portal and send any prepayment or decoupling questions to the following e-mail address:

236preservation@hud.gov

NAHMA 2014 Scholarships

The National Affordable Housing Management Association (NAHMA) Educational Foundation is, once again, offering scholarships to all high school seniors, high school graduates, and adults holding a high school diploma or GED living at an Affordable Housing Management Association (AHMA) member properties.



Grant recipients will be selected based on academic performance (2.5 GPA for high school seniors and 2.3 GPA for college students), character, and/or potential in a future area of study.

The exact number of awards and the total amount of money to be awarded in 2014, will be determined during the selection process. The NAHMA Educational Fund anticipates minimum individual awards to begin at \$1,000 for the 2014-2015 school year.

This year, all applications must be submitted on line directly to the NAHMA Educational Foundation and not through the local AHMAs. The deadline for submitting all parts of the application is May 30, 2014. Winners will be notified by June 30, 2014.

Please advise your tenants of this opportunity. The online application can be found on the following website:

<http://nahma.indatus.com/application/>

Please contact Dr. Bruce W. Johnson of the Foundation at 215-262-4230, or bwjec@comcast.net, if you have any questions concerning any phase of the Foundation's work to help students living in the AHMA sites.

PGW Sale



Philadelphia Gas Works, the nation's largest municipally owned gas utility with 500,000 customers, has been sold to New England-

based UIL Holdings Corporation for \$1.86 billion.

As part of the deal, consumer rates will be frozen for three years and PGW's discount programs for low-income families and seniors will be retained. The Utility Workers Union of America, however, has stated that the sale could mean higher customer rates and a loss of jobs in the future.

The sale is currently pending approval of the Public Utilities Commission and City Council.

Community Outreach Partnership

The University of Pittsburgh, through its Community Outreach Partnership Center (COPC), has targeted investments in social programming and residential capacity building in Pittsburgh's Oakland neighborhood.



As a focal point for university-sponsored activities in Pittsburgh's neighborhoods, the COPC has collaborated with community groups to address challenges relating to education, health and wellness, workforce development, and housing. The positive outcomes achieved by Pitt's COPC has led to the formation of the Neighborhood Partnership Program, an effort to continue investments in activities that spur redevelopment in the neighborhoods surrounding the university.

In recent years, community outreach and collaboration have become institutionalized in Pitt's academic and administrative structure. Several of Pitt's departments now consider regular engagement with community groups a priority, leading Pitt to consider itself a "university of the community."

To read more about this best practice, see:

www.huduser.org/portal/bestpractices/study_01242014_1.html

Section 811 NOFA

A Section 811 Project Rental Assistance Notice of Funding Availability (NOFA) for FY 13 was published on March 3, 2014.



The highlights of the NOFA are as follows:

- Approximately \$120 million available.
- Deadline to apply is Monday May 5, 2014.
- Funding is for state housing or other appropriate housing agencies to provide project-based rental assistance in the development of supportive housing for extremely low-income persons with disabilities.

Complete details can be found at: www.grants.gov

Better Buildings Challenge

Multifamily housing retrofits provide a great opportunity to reap energy efficient savings. A 2009 report by McKinsey and Company estimated that there is an untapped \$16 billion energy cost savings in the affordable housing sector. In addition, last year, HUD-assisted owners and tenants paid an astounding \$1.1 billion and \$400 million, respectively, for utilities.



Everyone knows big impact that energy efficient upgrades can make on utility bills. But did you know that improving energy efficiency can also be an effective tool to preserve affordable housing due to non-energy benefits? These non-energy benefits, sometimes referred to as non-energy impacts, can be divided into the following four categories:

- **Societal (Environmental & Economic)-** The environmental benefits of energy efficiency include the amount of carbon dioxide equivalent emissions avoided and a decreased use of water. The economic benefits involve direct and indirect spending and purchases.
- **Utilities-** Utility companies can reduce their bad debts, emergency gas shutoff calls, collection costs, rate subsidies, and power outages.
- **Tenants-** Tenants struggling to stay financially afloat will receive lower bills. This will help to reduce energy insecurity, where some families must make the decision to “heat or eat.” Simply stated, when tenants experience savings, they are more stable in their homes and are able to relocate those savings to other household necessities.
- **Owners-** Owner will receive lower energy bills, decreased vacancy rates, lower operating and maintenance costs. Increased cash flow from these savings will give owners more funds to invest in their buildings or put into reserves.

This fiscal year, each HUD office has a goal to encourage the participation of project owners in the Better Buildings Challenge (BBC), a program that will help them overcome programmatic barriers that impede their ability to make critical energy-saving improvements. HUD, partnered with the Dept. of Energy, challenges owners to reduce their buildings’ energy

consumption, by 20%, over the next 10 years. To help accomplish this goal, HUD is making several financial incentives available to owners. Some of these incentives are:

- Invoicing of energy savings payments associated with property and tenant utility allowance reductions, as eligible budget expenses, in Section 202 and 811 projects,.
- Additional distributions, for 10 years, for profit-motivated and non-profit owners of Section 8 projects.
- Management fee inclusion of energy/green best practices.
- Expedited approvals for “stand alone” green measures (not part of a larger rehab).
- An opportunity to seek HUD approval for On-Bill Repayment, On-Bill Finance, or utility tariff mechanisms for financing energy and water retrofits.
- Older Mark-to-Market (M2M) that adopt 75% of green energy measures and all the water conservation measures recommended in the Green PCNA can claim the Incentive Performance fee (IPF) that increases owner distributions.

If you want to participate in this exciting and financially rewarding program, please contact your Project Manager at your local HUD Program Center.

A BBC workshop will be held by the National Housing and Rehabilitation Association, on April 3, 2014, at The Hub Cira, located at 2929 Arch Street, Phila., PA. The \$150 registration fee is an eligible project expense. You can register for the one-day training at:

www.housingonline.com (“Events”).

For additional information on the BBC program, see:

http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2013/HUDNo.13-180

<http://www4.eere.energy.gov/challenge/>

Bed Bug Treatment Hazards

The Center for Disease Control (CDC) has stated that state public health officials and poison control offices are reporting an increasing trend of “acute illnesses” related to bed bug control. This is primarily due to unlicensed pesticide applicators, as well as tenants and homeowners trying to do their own pest control, and failing to follow basic safety and application instructions.



The CDC also warned against the following “treatments”:

- Using DEET in mass quantities as an insecticide. It won't kill insects, it's a repellent.
- Using an agricultural pesticide inside a house.
- Not telling anyone else (co-workers, neighbors, etc.) that you just applied lots of pesticide and they should avoid contact with it.

To prevent accidental poisoning, health departments and State Extension offices are stepping up and providing great online resources to educate consumers.

Generally, better and safer pesticides are available to us now than we've ever had in human history. However, a word of caution is necessary. Users of these chemicals must realize that they are not without risk to humans or pets when applied improperly.

The best advice for tenants is to leave the problem in the hands of experienced licensed professionals.

FY 14 PACs Renewals

HUD has just released the instructions for renewing Project Assistance Contracts (PACs) for Fiscal Year 2014.

The instructions provide guidance to the field for processing PAC renewals for FY2014. The expiring PACs may be renewed for a period of one year only.



The memorandum and the FY 2014 contract are available on the HUD website at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/mfhsec8.

Challenges & Solutions of Aging in Place

Over the next 40 years, the population of Americans over age 65 is expected to double from 40 to 80 million, and the population over age 85 is expected to more than triple from 6 to 20 million. Complicating these demographic trends is the desire of most elderly Americans to “age in place,” or stay in their own homes and communities as they age.



Although most Americans want to age in place, the reality is that too many individuals enter long-term care institutions unnecessarily or prematurely. This is because homes and communities frequently are not designed to address the needs of seniors. Many seniors need assistance performing activities of daily living and live in environments that do not accommodate their functional limitations.

Aging in place not only is preferred by most Americans but also makes economic sense. Communities that facilitate a variety of choices, whether services, transportation, or housing, enable seniors to stay in their communities longer and compress end-of-life morbidity. Connecting seniors to services outside of an institutional setting may also be more cost effective than caring for them in nursing homes. Efforts and programs that promote aging in place can increase seniors' quality of life, ease burdens on family members, and pay enormous societal dividends.

On January 9, 2013, HUD's Office of Policy Development and Research convened a panel of experts to discuss these looming demographic changes, their implications for American society, and models that enable elderly Americans to access the services necessary to successfully age in place.

Their expert advice can be found at:

www.huduser.org/portal/pdredge/pdr_edge_featd_article_021014.html

www.huduser.org/portal/periodicals/em/fall13/index.html

PC Energy Thief

Personal computers can draw a large amount of power, especially if you are running a high-end desktop. A typical PC consumes something like 300 watts. If you only use it for four hours every day, the other 20 hours it is on would be wasted energy. If electricity costs 10 cents per kilowatt-hour in your area, then that 20 hours represents 60 cents a day. Sixty cents a day adds up to \$219 per year. While it is possible to reduce this cost by almost half, through the use of energy-saving features, like "sleep mode" that automatically powers down the monitor and the hard drive, you will still be wasting \$100 per year.



So why do many users leave their PCs on at night, while not in use? The argument for leaving a computer on all the time is that turning it on and off somehow stresses the computer's components. That assumption has been proven false. If it were a significant problem, then machines would be failing all the time. In fact, the PC hardware, which is similar to that of a television, is very reliable.

There are several other advantages for turning off your PC:

- Fewer temporary system issues - Those who keep their machines booted up indefinitely are familiar with the little problems that crop up when a computer is in use for a long time. Strange little problems occur and they're often solved by a reboot. If you're essentially rebooting every day, you're giving your machine a fresh start. This helps avoid minor system issues.
- Quiet hours - When your machine is running, it's capable of making noise. The sounds of the fans can be bothersome if you're sleeping in the same room, but you also run the risk of the computer playing an alert or other sound unexpectedly.
- A longer-lasting machine - While you can never really know when your computer is going to fail, less stress placed on its components will contribute to a longer life.
- Risk of Power Interruption: Leaving your PC on for long periods of time exposes it to the potential risk of power spikes and surges, brownouts, blackouts and other problems.

software or backs up files night, you are using your machine as some sort of server, or you are running something like SETI@home and you want to produce as many result sets as possible, there is no need to leave your PC on when not in use for an extended period of time.

Save money for your office or Neighborhood Networks Center and turn those PCs off!

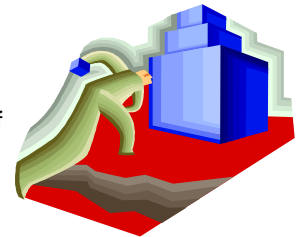
Loan Closings

The following FHA-insured loans closed during the month of February in the Philadelphia Hub: PA- Timberland Apartments; DE- Compton Townhouses; NJ- Chestnut Homes Apts., Hollywood Terrace Apts., and River Park Village; and WV- The Village on Park.



Fast Housing Facts

Residential land costs have grown about 250% more quickly than inflation since 1975. This has contributed to the high cost of new construction. (Source: Federal Reserve Board).



At year 15, approximately 21% of LIHTC developments put into service after 1989, need an average of \$7,348 per unit in rehabilitation expenses. These costs are a threat to affordability as the buildings age since only about \$1,630 per unit is held in reserves funds for repairs. (Source: Melendez, Schwartz, and Montrichard).

Fire Safety Facts



Cooking is the leading cause of residential fires and injuries, followed by heating equipment and smoking.

Working smoke alarms cut the risk of dying in a fire in half.

In fires large enough to activate a smoke alarm, hard-wired alarms operated 92% of the time, while battery-powered alarms operated only 77% of the time.