

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



Vol. 13 No. 8 Teresa Bainton, Acting Hub Director Thomas.Langston@hud.gov, Editor May 2014



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

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Homeless Preference

On a single night in January 2012, there were more than 630,000 sheltered and unsheltered people experiencing homelessness nationwide. The Obama Administration believes that no one should be without a safe, stable place to call home- a principle with which, as providers of affordable housing to millions of Americans nationwide, you all no doubt agree.



As part of that commitment, under the leadership of Secretary Donovan, the U.S. Interagency Council on Homelessness released *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* in 2010, with ambitious goals of ending chronic homelessness and homelessness among Veterans by 2015; ending homelessness for families, youth, and children by 2020; and setting a path to eradicate all types of homelessness in the United States.

To help achieve these ambitious goals, on July 25, 2013, HUD issued Notice H 2013-15, *Implementation and Approval of Owner-Adopted Admissions Preferences for Individuals or Families Experiencing Homelessness*. The notice provided guidance about serving individuals and families experiencing homelessness, such as implementing preferences, waiting list management, admissions and termination or eviction policies, partnering with service providers, and supporting Section 8 vouchers.

As a result of this notice, project owners can now increase program access for individuals and families experiencing homelessness by establishing an owner-adopted preference in admissions policies. Owners must consider the following when adopting an admissions preference:

- Eligibility and Requirements- Preferences affect only the order in which applicants are selected from the waiting list. They do not make anyone eligible who was not otherwise eligible, and they do not change an owner's right to adopt and enforce tenant screening criteria.
- Tenant Selection Plan and Affirmative Fair Housing Marketing Plan- All owner adopted preferences must be included in the Tenant Selection Plan (TSP) and, if required, the Affirmative Fair Housing Marketing Plan.
- Using a Homelessness Definition- Owners may create a preference for homeless families using the HUD definition of homelessness or a definition that better suits the property in question.
- Limiting Preferences to People Referred by a Partnering Organization- Owners may create a preference or limited preference specifically for individuals or families who are referred by a partnering homeless service organization or consortium of organizations.
- Use of Alternating Selection- Owners may fill vacancies in the property by alternating their selections of non-homeless applicants on the waiting list with applicants who meet the criteria for the preference.
- Identifying Preference-Qualified Applicants Currently on the Project's Waiting List- When adopting a new preference, owners must notify all applicants on the current waiting list to determine



if any are eligible under the preference.

- Verifying preference eligibility- If an owner adopts a preference or limited preference for individuals or families experiencing homelessness, the owner may require the individual or family to provide documentation to prove that they qualify for the preference.
- Property Designations- If the owner has a property designation of elderly or disabled, on all or some of HUD assisted units, this designation remains in effect despite the adoption of the new preference.
- Ensuring Fair Housing Compliance- When adopting a preference or limited preference for people experiencing homelessness, an owner must ensure that the preference would not have the purpose or effect of excluding other eligible families from the program on the basis of race, color, national origin, religion, sex, disability, or familial status, or would create or perpetuate segregation.

In order to adopt an admissions preference, owners must submit a written request to their local HUD Field Office specifying the type of preference with a full description of the preference and how it will be implemented. Criteria set forth in this Notice including a description of the notification process for those on the waiting list, the tenant selection process and changes to the AFHMP. HUD will approve an owner-adopted preference if it does not violate civil rights or equal opportunity requirements, or conflict with statutory, regulatory, or program requirements. (See Chapter 4 of HUD Handbook 4350.3 for more details about the submission and approval of preference requests).

This homeless preference, however, does not negate mandatory tenant screening for criminal activity or substance use/abuse. In addition, owners may also establish additional screening criteria, as outlined in HUD Handbook 4350.3. However, owners should bear in mind the length of their waiting lists and the cost to applicants for screening when considering additional criteria. An owner wishing to serve more people experiencing homelessness should consider reviewing his/her discretionary admission policies to determine if any changes can be made to remove barriers. It is important to note that all discretionary admission (and program termination) policies must be applied to all applicants uniformly.

An owner cannot establish separate admissions/termination policies for a certain population, such as the homeless population, which are different from the admissions/termination policies than for all other applicants. In the event of receipt of unfavorable information about an applicant, consideration may be given to the

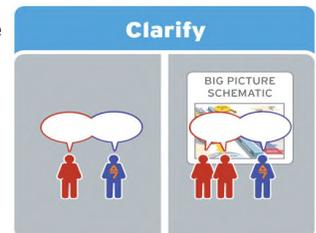
time, nature, and extent of the applicant's conduct (including the seriousness of the offense). Consideration may also be given to factors which might indicate a reasonable probability of favorable future conduct, including: evidence of rehabilitation, and applicant's willingness to participate in social services.

For this fiscal year, the Philadelphia Program Center has a goal to house 20 homeless veterans by September 30, 2014. Please help us to meet this worthy goal by contacting Shirley Bryant, Program Advisor, at the following telephone number: 215-861-7553. You can make a difference!

A copy of the Notice H 2013-21 can be found at the following link: <http://portal.hud.gov/hudportal/documents/huddoc?id=pih2013-15.pdf>.

Loan Processing Clarifications

The following clarifications are being made to HUD's multifamily loan processing procedures:



- New construction is not allowed with a Section 223(f) loan. A developer can either do a separate Section 241(a) loan, or subdivide the parcel and do a 221(d)(4), or if not insured and less than ½ the project will be new construction; fund it conventionally and do a refinance after they lease up.
- Coops are not an eligible form of ownership under Section 221(d)(4). If they have a new construction or sub rehab proposal, it either needs to convert to a rental apartment type owner (LLC, Non-profit, etc.) or go with a Section 213 proposal. If it is an existing facility, they can request a Section 223(f) loan (with a regulation waiver) per Chapter 17 of the *MAP Guide*.
- Mandatory meals may continue under Section 202 or conventional take-out financing, but not under FHA multifamily programs. Multifamily mortgage insurance will only be considered if the meals are optional, and meet the other underwriting criteria in Section 3.4.S.2 of the *MAP Guide*.
- All electrical/mechanical equipment must be installed above ground/street level to prevent damage from flooding. This requirement will be included in updated *MAP Guide* expected out by late Fall 2014.

Supporting Integrated Housing

The ADA, Section 504 of the Rehabilitation Act, and the Fair Housing Act prohibit discrimination on the basis of disability. The passage of these laws- the ADA and Section 504 in particular- was driven by outrage over the isolation and segregation of individuals with disabilities. In passing the ADA, Congress found that “historically, society has tended to isolate and segregate individuals with disabilities, and... such forms of discrimination... continue to be a serious and pervasive social problem.”



One purpose of the ADA is to provide a “clear and comprehensive national mandate” for the elimination of these types of discrimination against individuals with disabilities. Specifically, “A public entity shall administer services, programs, and activities in the most integrated setting appropriate to the needs of qualified individuals with disabilities.”

In the *Olmstead v. L.C.* decision, the U.S. Supreme Court reaffirmed and applied the integration mandate under Title II to states’ health care services provided through Medicaid.

Within the context of housing, integrated settings enable individuals with disabilities to live like individuals without disabilities. Integrated settings also enable individuals with disabilities to live independently with individuals without disabilities and without restrictive rules that limit their activities or impede their ability to interact with individuals without disabilities.

Legal settlements resulting from the Olmstead Act set out the following plans:

- To expand critical community services and integrated housing options;
- To transition individuals out of institutions.
- To divert individuals at risk of entering institutions to community-based settings.

Settlements set models for new housing for the target group, particularly more integrated housing, and create demand for housing in more integrated settings. They do not, however, require existing housing to be taken

off line. Also, nursing homes, hospitals, and any other locations that have qualities of an institutional setting do not qualify as “home and community-based settings.” Mainstream programs, like project-based rental assistance, can establish preferences for individuals transitioning or diverting from institutions and other segregated settings or for people at serious risk of institutionalization. Existing targeted programs, such as Sections 811 and 202, can receive referrals from state agencies or institutions consistent with program requirements.

New Section 811 PRA grants are funding the creation of integrated housing units for persons with disabilities (max. 25% of units in a project).

To comply with Olmstead, HUD will be engaging a range of stakeholders and encouraging grantees to make housing available to individuals transitioning, or at-risk of being placed in institutional and other segregated settings, by the use of preferences.

For additional housing and FHEO details on this important subject, see:

<http://portal.hud.gov/hudportal/documents/huddoc?id=OlmsteadGuidnc060413.pdf>

<http://portal.hud.gov/hudportal/documents/huddoc?id=disabilitiestransitioning.PDF>

Limited Denial of Participation



The Office of Multifamily Housing intends to increase the use of the Limited Denial of Participation (LDP) process to ensure that borrowers that have caused a claim to be made against the Insurance Fund are prevented from initiating new business with the FHA for at least a year.

An LDP is an action taken by an authorized HUD official, pursuant to 2 CFR Section 2424 Subpart J, to exclude a party from further participation in a HUD program or programs. The scope of the LDP is limited to the physical jurisdiction of the office that issued it. If the LDP is signed by the Deputy Assistant Secretary for Multifamily Housing Programs or the Director, Office of Asset Management, its scope is nationwide and encompasses all multifamily housing programs.

It imposes a mandatory barrier to initiating new business while it is in effect. Since the LDP list is publicly available, it is in effect HUD’s “Bad Borrower” List. By requiring that LDP actions be considered for the principals of a borrower that has caused a claim against the insurance fund, HUD is reducing the risk of future claims against the insurance fund.

LEDs Going Wall-to-Wall

LEDs are no longer just light bulbs. They're now starting to appear as a built-in feature for ceilings- an advance predicted 50 years ago by science fiction writer Isaac Asimov.



These tiny light emitting diodes, often touted as the ultra-efficient replacement for old-fashioned incandescents, are being integrated into clothes, carpets and ceilings in the same way some solar panels have been tucked into rooftop shingles.

The OneSpace luminous ceiling, by lighting company Philips uses LEDs packed tightly in a mesh, combined with textile, to create an ultra-thin, sound-absorbing panel that offers homogeneous light with no exterior fixtures. Amid a plethora of new LED products, several companies including General Electric have introduced ceiling panels with built-in LEDs. Yet OneSpace comes in custom-made sizes so large- as much as 10 feet by 33 feet- that it can cover an entire ceiling.

"This innovation will redefine how light can be used in architecture and design," says AntoonMartensPhilips' general manager of "large luminous surfaces." He says OneSpace, intended for commercial settings such as car showrooms and airports, will cost about \$191 per square foot. He says the panels can be hoisted down for maintenance, but given the long life of LEDs, he expects businesses will redecorate before the bulbs need replacement.

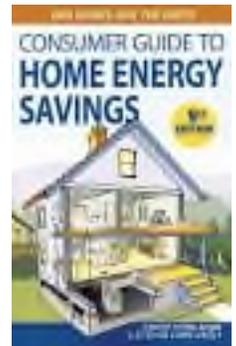
LEDs have been around for decades, but their popularity has soared in recent years as their prices have plummeted, their options have expanded and the U.S. government's phaseout of inefficient incandescents continues. Thomas Edison-era incandescents use far more energy to produce light than LEDs and typically last about a year. LEDs, though their upfront costs are much higher, can last a decade.

Lighting companies have introduced LED replacements for the traditional screw-in bulbs that have been phased out, including the 40-watt, 60-watt, 75-watt and now the 100-watt incandescent. In March, Cree unveiled its latest- a \$20 replacement for the 100-watt incandescent that produces the same amount of light while consuming just 18 watts.

LEDs offer endless possibilities, especially the newer "organic" or OLEDs that are made with carbon-based chemicals rather than metals. You can put them into practically anything.

Consumer's Guide to Energy-Efficient Homes

Both renters and homeowners can benefit from home improvements that promote energy efficiency and improve indoor air quality. Raising the bar on air quality and energy performance at home helps reduce heating and cooling costs, saves energy, and improves occupant health and comfort.



To help consumers better understand the strategies and product options available to them, HUD's Office of Policy Development and Research has developed the *Guide to Energy-Efficient and Healthy Homes*.

Additional information on a wide range of topics is available via links to other federal agencies and allied organizations, so that readers can easily jump from the *Guide's* brief overviews to more detailed, in-depth topical content. Consumers will also learn about home energy audits and health assessments, as well as financial incentives that may be available for those making energy-efficiency improvements.

We invite you to explore the new *Consumer's Guide* to begin identifying strategies to improve energy efficiency and air quality in your project. See:

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

Mayors Challenge

In response to Secretary Donovan's call to action to end homelessness by 2015, four mayors in the Philadelphia Hub have made commitments to solidify partnerships and secure commitments to end veteran homelessness in their towns and cities.



The cities participating are as follows: Dover, DE, Newark, DE, Allentown, PA and Charleston, WV. The initiative, Mayors Challenge to End Veteran Homelessness, is supported by the VA, USICH, and the National League of Cities.

In the Philadelphia Hub, there are a reported 30,274 homeless (PA- 15,086, NJ- 12,002, WV- 2,240 and DE- 946).

Flying Ants

Soon, insects in our area will be emerging from their winter protection. Some will walk. Some will fly. But some will swarm. If you encounter a swarm of insects, either inside or outside, be sure to catch a few of them for identification. Swarms are likely to consist of either termites or ants, including carpenter ants.



The swarming behavior, part of the insect's reproductive cycle, is actually helpful because it does alert the building owner of a potential problem. Both termites and ants nest inside structures as well as underground, and both carpenter ants and termites cause damage to wood. You don't want to misidentify the insects. Termites are far more destructive, and misidentification could be a costly error.

Visually, carpenter ant damage to wood is different from termite damage. A carpenter ant tunnels across the wood's grain whereas termite tunnels follow the wood's grain. Carpenter ant tunnels are clean but sawdust is seen near the nest site. Termite tunnels are covered with mud and sometimes termite mud tubes can be seen entering your house from the foundation.

Termites and ants have different feeding, habitats and behaviors, but fortunately their anatomical differences are also quite distinct. Termite wings, a pair in front and a pair in back, are all approximately the same length. Termite wings are about twice as long as their body. Ants also have four wings, but shorter wings are paired in the back. Termite antennae are straight and formed from what resembles a row of beads. Ant antennae are elbowed (bent). Termites have a broad waist. Ants have a narrow, wasp-like waist (see photo).

Both ants and termites live in colonies which may be inside your structure as well as outside and underground. If the infestation is from termites, a registered pesticide applicator's help will likely be needed.

Three excellent fact sheets are available that discuss how to track down and control these pests. They can be found at:

njaes.rutgers.edu/pubs/publication.asp?pid=FS1101
 ento.psu.edu/extension/factsheets/termites
 citybugs.tamu.edu/fact sheets/landscape/ants/ ent-2012/

PHFA Housing Services Conference

PHFA will be holding its annual statewide Housing Services Conference, "Watt's Up? Energize Lives. Recharge Spirits. Generate Community," on June 18-20, 2014, in Scranton, PA.

Your participation in this conference is encouraged as it will provide training and opportunities that will enable you to achieve success by enriching residents' lives, strengthening neighborhoods and communities, and improving the financial positions of your property. This year's conference is packed with 34 concurrent sessions categorized into the following four tracks: Service Coordination, Supportive Housing, Property Management and Hot Topics.

Visit the conference website at www.phfa.org/hsc, and click the brochure link to check out the informative breakout sessions and keynote presentations.

The registration fee of \$260 per person is an eligible project expense. It includes all conference sessions and materials, as well as two breakfasts, two luncheons and a Marketplace Reception. Registration can be made on line at:

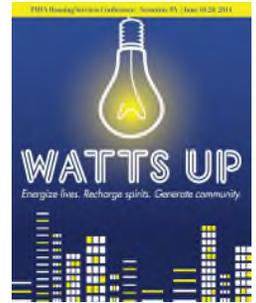
http://www.phfa.org/developers/serviceprovider/event_materials.aspx

Social Security Changes

Beginning August 2014, Social Security Number printouts will no longer be available in SSI's field offices. Individuals who need proof of their Social Security Number and who cannot find their card will need to apply for a replacement card.

In addition, beginning October 2014, SSA will stop providing benefit verification letters to visitors to its field offices, except in emergency situations. Benefit verifications are still available online, and can be obtained anytime by registering for a *my* Social Security account located at: www.socialsecurity.gov/myaccount, or by requesting a benefit verification letter by calling our national toll-free number: 1-800-772-1213.

Updated outreach materials and facts sheets are available at: www.socialsecurity.gov/thirdparty/whatsnew.html
<http://ssa.gov/pubs/EN-05-10544.pdf>



Smart Lean Government

Smart Lean Government is a project that aims to transform how federal and state agencies share data and software systems, as well as how they are organized.



The idea of the project is to make it easier to provide services to citizens and make government policy less of a blunt instrument. There is literally a gold mine of information in existence that has not been tapped because there are no systems available to allow it to be shared between government agencies.

The old bureaucratic barriers that separate one agency from another are less important than the lines that bind different parts of the human experience. Data collected by one office can be immensely useful to another only if they can share it. Simply put, sharing is easier for government and citizens alike if they can speak once rather than many times.

Two examples of data sharing were discussed in last month's Hub newsletter- the National Interagency Physical Inspection Alignment Pilot, in which state Housing Finance Agencies (HFAs) are partnering with HUD, USDA and the Treasury to align physical inspection requirements, and a computer matching program with SSA, in which SSA data will be shared with public housing authorities, private owners and management agents for verification of income reported by tenants in HUD rental assistance programs.

Another excellent example were the lessons learned by the Federal Emergency Management Agency (FEMA) from Hurricane Katrina, when it deftly shared Hurricane Sandy weather information and aerial photographs collected by the Civil Air Patrol, among federal, local and non-governmental responders. As a result, those responders were able to move swiftly to affected areas. This cooperation was made possible by legislation passed in Katrina's wake that established clearer lines of authority during disasters and a significant boost to FEMA's funding. Another share of the credit should go to a renewed focus at FEMA and its partners at the federal, state, and local levels on gathering data, charting responses and providing relief services.

Government agencies are not the only ones looking to pull vital information out of public data. Over 500 companies, profiled by New York University's GovLab use open data streams provided by the government. In Data.gov, there are 90,925 open government data sets. Of this total, 68 are multifamily sets (e.g., insured endorsements,

construction price indexes, REAC inspection scores, Section 8 contracts, etc.). According to McKinsey, there is a potential value of \$3 trillion of open data yet to be exploited!

In order for government to become more efficient and responsive, it must become more like the private sector that thrives on data to make smart decisions and to compete in the marketplace. The challenge to overcome, however, will be how to share enough agency systems and data to get the big picture without losing flexibility.

HUD User

HUD User has been the primary source of federal government information on housing-related topics such as building technology, economic development, sustainability, and urban planning, since 1978. It also provides access to more than 900 HUD-sponsored research publications and data sets- all available as free downloads or in print for a nominal cost.



The primary publications are as follows:

- Data Sets (e.g., income limits, Fair Market Rents, AAFs, low income tax credits, GIS maps, etc.).
- U.S. Housing Market Conditions (data & analysis).
- Best Practices (federal, state and local case studies).
- *Cityscape* (periodical).
- *Evidence Matters* (periodical).
- *The Edge* (periodical).
- ResearchWorks.
- Aligning Affordable Rental Housing (initiative).
- Regulatory Barriers Clearinghouse (initiative).
- Bibliographic Database.

You can subscribe to HUD User to obtain weekly e-mails about the latest news, research summaries, and reports. Also, you can follow HUD User on Twitter or become a fan on Facebook. Mobile apps can be easily downloaded to access data on Fair Market Rents and income limits, as well as to read *The Edge* from your iPhone and Android format smart phone. See:

<http://www.huduser.org/portal/subscribe/subscribe.html>

Loan Closings



The following FHA-insured loans closed during the month of April: PA- Lebanon Village, William B. Moore Manor, Jamestown Village, Reserve at Summerset, and Millersville Manor.