

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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DEC Referrals- Annual Financial Statements

The Departmental Enforcement Center (DEC), in coordination with the Real Estate Assessment Center (REAC), receives electronic referrals of multifamily projects where the owner has failed to properly submit annual financial statements (AFS). The DEC's primary goal is to obtain owner compliance with the electronic AFS filing requirements.



The DEC has assigned an enforcement analyst (EA) to each "AFS non-filer" referral. All DEC Offices (Washington DC, Atlanta, Chicago, Fort Worth, Los Angeles, and New York) have EAs working on these matters.

The EA is responsible for assessing the reason the owner did not file properly and for obtaining compliance. The EA contacts the owner and/or the owner's representative(s), which may include, but is not limited to, accountants and management agents.

The EA also obtains regulatory and contractual documents related to the ownership. These documents are reviewed and used in determining and verifying the owner's AFS filing requirements.

After filing compliance is achieved and/or the owner agrees to file the report, the EA determines if a

civil money penalty should be pursued. Civil money penalties will also be pursued if an owner does not agree to file. If an appropriate settlement cannot be reached or compliance cannot be achieved, the EA forwards the non-filer folder to legal counsel with a recommendation for the issuance of a complaint for civil money penalty, pursuant to 12 U.S.C. § 1735f-15(c)(1)(B)(x).

Failure to properly submit the AFS is a basis for an assessment of a monetary penalty. Penalties assessed must be paid with non-project funds. Currently, an administrative law judge may impose penalties up to \$32,500 for each violation.

Termination of Insurance

Hub Directors have been delegated the authority to review and approve requests to terminate mortgage insurance for Section 207, 220, 232, and 241 loans.



The delegation was outlined in Mortgagee Letter 2004-21, dated June 15, 2004. Its purpose was to ease the heavy prepayment workload which came about because of low interest rates. See: <http://www.hudclips.org/cgi/index.cgi>

If the Hub Director finds no prohibitions or restrictions (e.g., low-income use restrictions), requests for termination will simply be routed through the Hub's local counsel for concurrence.

HUD plans to expand the list of FHA insurance programs for which Hub Directors will be delegated review and approval authority. This change to current procedure will be published later in an update of Handbook 4350.1.

Eastern Lenders Assoc. Conference

On May 18, 2004, Philadelphia hosted the annual Eastern Lenders' Conference. The conference was attended by 106 representatives from 5 Hubs (Philadelphia, Baltimore, New York, Boston and Buffalo) and 26 lenders (e.g, GMAC, AGM Financial, Greystone Servicing, Berkshire Mortgage, Sims Mortgage, Rockhall Funding, M & T Realty Capital Group, Love Funding, Quaker Capital, Enterprise Mortgage Investments, Wachovia Multifamily Capital, Dominion Due Diligence, CW Capital, Prudential Huntoon-Paige, American Property Financing, NY Urban, Highland Mortgage, Capital Source, American Property Financing, The Parker Group, Reilly Mortgage Group, Enterprise Mortgage Investments, MMA Financial, Rockport Mortgage, Arbor Mortgage, and Resources International).



Milton Pratt, Regional Director (Region III) and Encarnacion Loukatos, Director Philadelphia Multifamily Hub, provided welcoming remarks. Keynote addresses for HUD were provided by Stillman Knight, DAS Multifamily Housing Programs and Michael McCullough, Director Multifamily Housing Development. Among the topics discussed during the all-day session were: current HUD issues and updates (Stillman Knight and Michael McCullough), REAC and its impact on production (Melissa Peters, Chief of Production- Baltimore), 2530 updates (Linda Cheatham, Berkshire Mortgage), GNMA Securities/Rate Locks (Ellen Kantrowitz, CW Capital), Closing delays (Nelson Chan, Attorney-Advisor- Phila.), LIHTC (Stephen Berman, Esq., Ballard and Spahr), evaluating new construction techniques (Margaret Allen, AGM Financial), and economic and market analysis (Beverly Harvey, Director EMAS and Bob Lefenfeld, Real Property Research Group).

The participants enjoyed the interaction between the lenders and HUD staff and, overall, thought that it was an extremely informative conference. A committee will be established to select a site for the next annual conference in the Fall of 2005.

Reasonable Accommodation

People with disabilities who require special assistance such as motorized wheelchairs and motorized carts recently had their right to such "reasonable accommodations" reinforced, thanks to new guidelines issued by the Department of Housing and Urban Development and the Department of Justice.



FHA prohibits housing discrimination that is based on disability, race, color, religion, sex, national origin and familial status. HUD and DOJ jointly enforce the guidelines. One type of disability discrimination prohibited by the FHA is the refusal by housing providers to make "reasonable accommodations" - exceptions or modifications to rules, policies, practices or services when such accommodations may be necessary to afford a person with a disability the equal opportunity to use and enjoy a dwelling. For example, an apartment complex with a "no dogs" rule must make an exception for a blind person who uses a guide dog.

"The reasonable accommodation provision of the Fair Housing Act is an important component of the Act's broader goal of ending the unnecessary exclusion of persons with disabilities from the mainstream of American life," said R. Alexander Acosta, Justice Assistant Attorney General for Civil Rights. "The guidelines we are issuing with HUD will be an important aid in helping housing providers and persons with disabilities determine when such accommodations should be provided."

The new guidelines, issued in the form of questions and answers, cover such topics as: What is a reasonable accommodation? Who must comply with the reasonable accommodation requirement? Under what circumstances may a housing provider deny a requested accommodation? What procedures may be used for processing requests for reasonable accommodations? What types of information and documentation may a housing provider seek from an applicant pertaining to such a request? What procedures are available to a person wishing to challenge a denial of a requested accommodation?

The guidelines are available online at both www.hud.gov and www.usdoj.gov/crt/housing/caselist.htm.

Window Safety Devices

A tragedy occurred recently, when a four-year-old child fell to his death from a bedroom window of his sixth-floor apartment, in an affordable family high-rise located in suburban Pittsburgh. Details of the child's death were covered on every television and radio station in the tri-state area, as well as in the Pittsburgh newspapers.



One television news report followed its coverage of this child's tragic death with a demonstration of window safety devices. Some devices were designed to limit the size of the window opening to an area too small for a child to fit through. While relatively inexpensive, these devices also limit the amount of air circulation, which could cause discomfort during the heat of the summer months, if the building is not air-conditioned. A more costly device shown was a window guard that allowed the window to be fully opened, but acted as a rail that extended fully across the window opening, and had emergency release pulls.

Although there is currently no HUD or REAC requirement for such window safety devices, their use in high-rise buildings with children may help to avoid a similar tragedy. The cost of installation of window safety devices is eligible from Replacement Reserve or Residual Receipts. If you have questions, please contact the Project Manager assigned to your property.

Desirable Assisted Living

What do families look for in assisted living facilities for the elderly? In a [USA Today](#) article, dated 5/27/04, families were urged to request the following information:

1. State regulators' licensing and certification reports.
2. Copy of resident agreement or facility contract disclosing "extra" fees.
3. Varied meal menu.
4. Copy of scheduled activities reflecting a wide range of interests.



In addition, families were also advised to consider the following:

1. Proximity to family and friends.
2. Ability to safely and easily navigate the grounds (e.g., handrails, wheelchair accessible doorways, door alarms, etc.).
3. Training of staff (especially for dispensing of prescription medicines).
4. Staff ratio (i.e., caregiver to residents).
5. Staff turnover rate.

Families wishing to learn more about assisted living choices should be referred to the following websites:

Consumer Consortium on Assisted Living— www.ccal.org

Nat. Assoc. of Professional Geriatric Care Managers—www.caremanager.org

National Center for Assisted Living— www.ncal.org

Assisted Living Federation of America— www.alfa.org

Total Living Choices— www.tlchoices.com

AARP— www.aarp.org

HUD Website Tips

There are two new ways to easily find information on HUD's national website.



First, we have shortened a number of our most popular web addresses to make them easier to use, and have tied the information in them to our strategic goals. The new web address is as follows:

<http://hudweb.hud.gov/po/odoc/webinc/aliases.htm>

Secondly, to quickly find an item, use Google's search engine at: www.google.com. Click on the Advance Search Option. Type your search items into one or more of the "Find Results Boxes" and enter www.hud.gov in the domain field. When you click on the Google Search button, you will get results only from HUD's web site and, frequently, you will find what you are looking for on the first page.

Asbury Park Beachfront Plans

The New Jersey Department of Environmental Protection has issued a broad building permit for a \$1.2 billion waterfront project at Asbury Park. In addition, Asbury Park, for the first time in recent decades, has received an investment-grade rating from Moody's that will allow it to go into the market and sell its own bonds.



Construction has started on 146 town homes and condominium units by Kushner Cos. (of a total of 750) and 153 condominiums by Paramount Properties. Asbury Partners LLC is completing the rebuilding of the boardwalk and three pavilions will be rebuilt in the next 12 months. The city is also getting \$5 million in infrastructure improvements from private funds and will receive an additional \$7 million from the developers for affordable housing. Plans are also in the works to build 3,164 residential units and 450,000 sq. ft. of commercial space on the waterfront.

Ending Homelessness

A HUD study, "Strategies for Reducing Street Homelessness" was done on homeless assistance network programs in 7 cities, including Philadelphia. The study concluded that a shift from the use of emergency shelters to permanent housing with support services is the most important element in reducing chronic street homelessness. It also made the point that permanently housing the chronic homeless is less expensive than treating them through emergency shelters. Also, it frees up resources for other homeless populations.



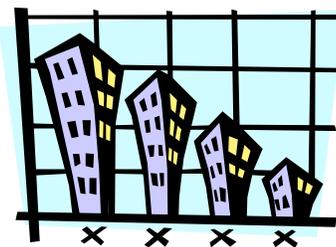
The cities with the most successful programs set clear goals of reducing chronic street homelessness, committed to a community-wide organization level, had effective leadership, and had significant resources from mainstream public agencies.

You can search for the report at:

<http://www.huduser.org/bibliodb/pdrbibdb.html>

CHAS 2000 Data

CHAS 2000 data, a special tabulation of Census 2000 data created specifically for those involved in the Consolidated Planning process, are now available on HUD USER.



These CHAS Comprehensive Housing Affordability Strategy) data is useful to local government officials and local housing planners for their own planning processes, and to HUD officials who use the data in allocation formulas for distributing funds to local jurisdictions.

On a select set of tables, tenure is split three ways: rent, own with a mortgage, and own without a mortgage. Tenure was only split in two ways in 1990: rent and own. In addition, one table splits the renter tenure by single-family property and multifamily property.

The CHAS 2000 data is available in several different ways. Users can engage a simple query system to gather basic housing need and basic affordability data, or they can download the data for just a particular state. The data is also available at a national level.

"CHAS 2000 Data" is available as a free download or through HUD USER's query system at <http://www.huduser.org/datasets/cp.html>.

Philadelphia Rental/Vacancy Rate Update

*In the 12 months ending on March 2004, rents increased an average of 3.3% for projects of all types in the Philadelphia market area.



*Vacancy rates for projects in the Philadelphia area averaged only 3.8%- among the lowest in the nation.

Closings

The following closings occurred this month: *Insured*—Philadelphia Program Center: Lancaster Apts.; Pittsburgh Program Center: St. Mary's Apts.; *Section 202/811*: Philadelphia Program Center: Laurel Commons; Pittsburgh Program Center: Family Services II and E. Pittsburgh Commons; Newark Program Center: Kearny Senior Residences, and Community Hope I & II.