

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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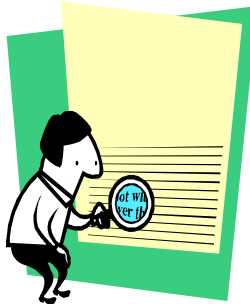
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Professional Liability Insurance

Three issues have surfaced regarding Notice H04-01, Professional Liability Insurance for Section 232 Programs.



The following information applies to the processing of Section 232 mortgage applications:

1. Section III states that professional liability "insurance shall be obtained from an insurance company with an "A" rating from A. M. Best Company."

A.M. Best provides ratings from A-F and S (Suspended) for all companies that are rated for financial strength. In the A category, the ratings range from A- to A++, all of which are in the highest category of financial strength. Each firm with an A rating is considered "Secure" by A.M. Best. In Notice H04-01, any insurance company with a rating in the A range of A- to A++ shall be considered an insurance company eligible to provide professional liability insurance under the Notice.

2. The term "operator/manager" appears throughout the Notice. Is the operator of the healthcare facility or is the manager required to maintain insurance? Who is the operator/manager of a healthcare facility?

"Operator/manager" means the entity that actually performs the operation of the facility whether the operator or manager or owner; any operators or managers that have staff involved in the day-to-day operation or are physically located in the healthcare facility are deemed operator/managers.

To meet the intent of Notice H04-01, all operator/managers must have professional liability insurance which covers their employees. Where the operator/manager is a subsidiary or an affiliate of another entity or in a corporate structure where more than one healthcare facility is owned and/or operated, then the term Operator/manager shall refer to the parent or controlling entity. The parent or controlling entity must have professional liability insurance meeting HUD requirements on all entities that it controls or manages regardless of how its facilities are financed.

3. There is uncertainty over how to define and document "inquiries made" or threatened claims". Section III B. 2. (d). 1 states that operator/managers must document and provide a "current inventory of all inquiries made or threatened claims based on occurrences of negligence, injuries, wrongful death, and/or improper care where a claim has not been filed but could still be filed based on statute of limitations for the State where the occurrence occurred."

State and federal regulators have systems in place in every state that require administrators of healthcare facilities to require administrators of healthcare facilities to file written incident reports for all serious incidents. Insurance companies require that all incident reports submitted to government agencies be provided to them. Incident reports must also be provided to HUD.

Another source of potential claims is written correspondence to the operator or manager of the healthcare facility, or to state or local agencies where complaints have been registered and statements have been made, that claimants will proceed with claims with respect to the negligent care, injury or death of residents of the healthcare facility. Any activity or issue that has been brought to the attention of the management or operator of the healthcare facility indicating a claim may be filed must be reported to HUD.

New Periodical

"ResearchWorks," a new periodical is now available from HUD's Office of Policy Development and Research (PD&R). It is intended to bridge the gap between the research and practitioner communities- bringing together news of the latest housing research, the practical application of good ideas, and the recognition of those who make a difference in the field of housing and community development.



This first issue, Vol. 1, No. 1, highlights three new PD&R publications and three local developments in energy efficient housing and urban development. Another issue highlights the study "Public-Sector Loans to Private-Sector Businesses," that examines how economic development loans from HUD have helped bring development projects to fruition. A third issue showcases the San Diego Housing Commission's "Moving to Work" demonstration program that provides housing assistance and support systems in the context of locally designed initiatives. Through a Community/University Partnership, graduate students in Educational Technology at San Diego State University evaluated the "Moving to Work" program.

"ResearchWorks" is available as a free download from HUD User at:

<http://www.huduser.org/periodicals/Researchworks.html>.

Free subscriptions are available on the HUD USER Web site at:

http://www.huduser.org/emaillists/subscribe_emails.html, or by calling 1-800-245-2691.

Rental Housing Integrity Improvement Project

HUD has a goal to reduce the errors in rent determination, by 50%, in its \$18 billion/yr. rental housing programs by 2005. The name of this initiative is the Rental Housing Integrity Improvement Project (RHIP).



In 2003, HUD set an initial goal to reduce errors by 15%.

A follow-up study showed a 26% reduction in gross erroneous payments when compared to 2001. Although this success is encouraging, there is still a lot of work to be done.

In a continuing effort to reaching the 50% goal, Help Desk Representatives have been established in each HUD Office. These individuals will serve as the point of contact for providing technical assistance to owners, management agents, contract administrators, and other HUD staff on issues relating to admission and occupancy policies (i.e., HB 4350.3 REV-1 and Quality Control Monitoring Guide) along with rent and income determination. The Help Desk Representatives for the Philadelphia's Hub's Program Centers are: Carolyn Anastasi, Phila.- 215-656-0609, X3553; Nancy Bolster, Newark- 973-622-7900, X3427; Mary Ann Budziszewski, Pittsburgh- 412-644-6393; and Phyllis Ball, Charleston- 304-347-7000, X119.

A component of the RHIP strategy is the Tenant Optimum Compliance Initiative. This initiative builds on the Enforcement of the Automation Rule to meet the 50% goal. This initiative will require that HUD check each month's voucher request for payment and compare it with TRACS tenant data to determine the project's compliance percentage. Non-compliant requests for voucher payments will generate a broadcast notification message that appears as an e-mail on the TRACS system. In addition, owners/agents will be given an opportunity to provide sufficient data for those vouchers that are non-compliant. Those with a high percentage of non-compliant vouchers will be subject to suspension until the number of tenant certifications in TRACS meets an acceptable level to substantiate payment.

To find out more about RHIP visit the following:

www.hud.gov:80/offices/hsg/mfh/rhiip/mfh/mfhrhiip.cfm.

Less MAP Paperwork

The intent of MAP, Multifamily Accelerated Processing, is to allow for expedited processing of applications for FHA mortgage insurance.

To reduce paperwork, the "Contractor's Certification of Labor Standards and Prevailing Wage Standards" form, that is referenced in Appendix 12A for Section 221(d)(4) and Section 232 projects, is no longer required. HUD has discontinued use of the form FHA-2482 and similar labor standards certification forms 2121 Page 22 (e. g., FHA-2482A, FHA-2482-A-EH). The forms were determined to be unnecessary and were not replaced with other forms. The references to the contractor's labor standards certification form will be deleted in an upcoming revision to the MAP Guide. Meanwhile, these references to the contractor's labor standards certification should be disregarded.



Accounts Payable for Projects in OMHAR



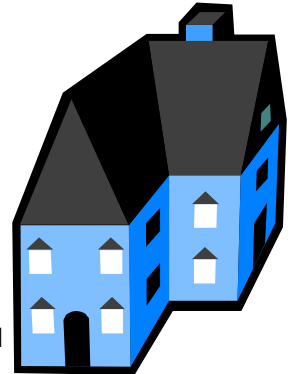
OMHAR's (Office of Multifamily Housing Assistance and Restructuring) role is to restore properties to sound physical and financial condition while resetting Section 8 rents and restructuring the underlying debt.

In the course of its processing, OMHAR only permits reasonable and necessary property expenses as eligible transaction costs. Examples of payables not eligible for inclusion in the transaction costs (i.e., not recognized as operating costs) include unpaid distributions to owners shown as payables; entity expenses; corporate charge-back expenses; Section 8 repayments caused by improper billing; or other items only payable from surplus cash.

The owner must, therefore, supply a list of specific payables with identifying information so that the Program Center can make a determination concerning their eligibility.

Affordable Housing in East Camden, NJ

The Baldwin's Run Housing Development in East Camden, recently opened its doors to 49 new units of affordable housing. Baldwin's Run was constructed on the site of the former Westfield Acres development. It marks an important step toward improving and increasing in the city's affordable housing stock. The Camden Housing Authority received a \$35 million HUD HOPE VI Grant in 2000 to demolish Westfield Acres, and create in the end 528 units of public and affordable housing, as well as a community center and a Boys & Girls Club.



For this project, the Camden Housing Authority partnered with St. Joseph's Carpenters Society, a Camden non-profit organization, and other New Jersey State Agencies. The total cost of the project is \$100 million, with the balance of the \$65 million coming from the Housing Authority's partners and other private organizations.

The construction of housing at Baldwin's Run is just the latest in a series of successful rehabilitations of public housing undertaken by the Camden Housing Authority. The McGuire Gardens project was revitalized with a \$35M HOPE VI grant awarded in 1994. In addition, the Camden Housing Authority has also self-financed the construction of new units of Public Housing in Chelton Terrace.

Superior Management Reviews

Congratulations to the owners and management agents of the following projects which received Superior ratings on their recent on-site management reviews: DE- Chelton Apts., and B'nai B'rith House; NJ- Alexandra Group Home, Alpha Group Home, Bergerville Group Home, Browns Woods Apts., Camden Oaks, Church Lane Group Home, Pennsgrove Gardens, Sergentville Group Home, Townhouse Terrace East, Trenton Group Home, and East Main Street Group Home; and WV- Adamston Apts., Ceredo Manor, Col. McGhee's Housing for the Elderly, Eagle Hollow Apts., Freedom Place I, G.W. Petropius Towers, Hinton House, Mountain Terrace, Pinewood Village, St. Paul Terrace, The Village on Park, Twin Rivers Tower, and Windsor Manor.



Closings

The following closings occurred in the Philadelphia Hub during the month of April: *Insured*—Philadelphia: Schoolyard Square; Hemmingway Place; DE: Maryland Park; Pittsburg: Hazelwood Towers; Eastmont Estates; Mon Valley Care II; and NJ: Berkley Heights; Browns Woods Apts; *Section 202/811*- Philadelphia: ARC HUD VII; Pittsburgh: Westlake Elderly; and Charleston: WV: G.R. Vale.



A Successful Neighborhood Network Center

Unity Terrace, a 100-unit Section 236 project located in Fairmont, WV, runs an excellent Neighborhood Network Center. The community-at-large, faith-based groups, businesses and the city/county officials volunteer services at the center. The staff meet weekly (from maintenance to the executive staff) to brainstorm and look for ways to offer services to the residents of Unity Terrace. One impressive initiative is the center's director getting the children (elementary to high-school) involved in community service. She believes that having the children become involved with the community enhances their self-esteem. As an example, there was a miniature golf course that the children use that needed some repairs/replacement to the "greens" area. Unity Terrace could afford to purchase the materials but was unable to pay for the installation. The Neighborhood Network Center group volunteered their services and replaced the carpet. Last Fall, the seniors of this property participated in a Fall festival and hay ride.



New Faces in the Hub

The Philadelphia Multifamily Housing Hub News is pleased to welcome Randall Scheetz and Donna O'Rourke to the Philadelphia Hub Office.



Mr. Scheetz will serve as the Supervisory Project Manager for Asset Mgmt. Mrs. O'Rourke will be the Administrative Staff Specialist for the Operations Branch. We wish them great success in her new careers!

What are Housing Choice Vouchers?

Housing Choice Vouchers (a/k/a Tenant-Based or Section 8 vouchers) increase affordable housing choices for very low-income families. Families with tenant-based vouchers choose and lease safe, decent, and affordable privately-owned rental housing.



Very low-income families (i.e., families with incomes below 50% of area median, income) and a few specific categories of families with incomes up to 80% of the area median income may apply to a local public housing agency (PHA) that administers the Section 8 Housing Choice Voucher Program (*Ref. 24 CFR Part 982*). When a family comes to the top of the Public Housing Authority's waiting list, the PHA issues a housing choice voucher to the family.

It is the responsibility of a family to find a unit that meets their needs. If the family finds a unit that meets the housing quality standards, the rent is reasonable, and the unit meets other program requirements, the PHA executes a HAP contract with the property owner. This contract authorizes the PHA to make subsidy payments on behalf of the family. If the family moves out of the unit, the contract with the owner ends and the family can move with continued assistance to another unit.

The PHA pays the owner the difference between 30% of adjusted family income and a PHA determined payment standard or the gross rent for the unit, whichever is lower. The family may choose a unit with a higher rent than the payment standard and pay the owner the difference. The unit chosen can be leased anywhere in the United States where there is a PHA that administers a tenant-based housing choice voucher program. However, the family may only use the voucher to lease a unit in an area where the family is income eligible for admission to the program.

New Neighborhood Network Centers Open

We are pleased to report that three new Neighborhood Network Centers in the Philadelphia Hub had grand openings in March/April- United House (PA), Schwenckfeld Manor East (PA), and Atlantic City TH (NJ). As a result, the Philadelphia Hub leads the national with 182 operational Centers— 105 in PA, 48 in NJ, 23 in WV, and 6 in DE.

