

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



Vol. 10 No. 10 Encarnacion Loukatos, Hub Director Thomas.Langston@hud.gov, Editor July 2011



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

Inside this Issue:

Preservation Update.....Pg. 1

Energy Efficiency in 202/81 Is.....Pg. 2

Best Government Website.....Pg. 2

EPA Bed Bug Summit.....Pg. 2

Outstanding REAC Scores.....Pg. 3

HUD is "Going Green".....Pg. 3

Planting Trees in Camden.....Pg. 3

Tax Credit Compliance Fees.....Pg. 3

Simulated Staging.....Pg. 4

Contractor Warning Signs.....Pg. 4

Project Turnaround.....Pg. 4

New Quarterly Periodical.....Pg. 5

Funding Fact.....Pg. 5

Morrisville 25th Anniversary.....Pg. 5

IRM Youth Cycling.....Pg. 5

First Friday Celebration.....Pg. 6

Senior Health.....Pg. 6

Plain Language.....Pg. 6

Loan Closings.....Pg. 6



Preservation Update

Over the past 9 months of fiscal year 2011, HUD has undertaken exciting work to develop, manage and preserve rental housing for low-income residents. The following remarks were provided to HUD staff by Carol Galante, Deputy Assistant Secretary for Multifamily Housing:



"Preserving affordable housing is essential. Over the last 10 years, every time three new affordable housing units are built in the U.S., we have lost two. Our existing stock of affordable housing is a critical resource for families who otherwise would not have access to safe, decent places to call home. Preserving housing is also cost-effective, something that really matters to all of us, particularly today.

Our task is formidable. HUD's portfolio includes more than 22,000 privately owned multifamily properties and more than 1.4 million assisted housing units. Developed up to 40 years ago, many are seeing their original financing supports expire just as major building systems give out, reserves dwindle, and original owners grow fatigued from decades of navigating the federal bureaucracy.

Today, HUD is taking these challenges head on. We are putting in place a flexible menu of preservation programs to enhance multifamily properties and safeguard their affordability over the long term. Our

staff knows that what is needed for a troubled property in a challenged neighborhood may be very different from what is needed for a well maintained property in a strong housing market.

I am very proud of what we've accomplished together in the first half of 2011. We have issued a series of policy directives to facilitate the repair and recapitalization of older HUD properties, while extending their affordability for current and future generations.

- Notice H10-26 allows for the subordination of Section 202 loans as part of a preservation transaction.
- Notice H11-04 streamlines the processing of Section 223(a)(7) FHA refinances of HUD properties. We are also working with our Office of Affordable Housing Preservation, which is heading up the processing of many of these 223(a)(7) loans to help address our significant FHA loan pipeline.
- Notice H11-03 allows for the combination of efficiency units to reduce vacancies.
- Notice H11-05 allows for the deferral of flexible subsidy debt.
- Notice H11-08 allows for pension plan contributions for management agent employees that work in multiple sites – a common sense approach to Asset Management that makes good sense for our properties and our industry."

Electronic versions of these policy documents can be accessed on the HUD website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

Energy Efficiency in 202/811s

Beginning in 2011, HUD has established specific requirements for increasing energy and water conservation in acquisition, new construction, and rehabilitation project applications for Section 202 and Section 811 housing for elderly and disabled households. Conservation and energy efficiency strategies must be incorporated into the design, construction, and operation of all projects. HUD provides an incentive to encourage sponsors and owners to develop their projects using the principles of green building design.



To assist sponsors and owners of Section 202 and Section 811 projects in reducing operating costs, HUD's Office of Policy Development & Research has published *Enhancing Energy Efficiency and Green Building Design in Section 202 and Section 811 Programs*. This report offers tools, resources, and case studies of successful energy efficiency practices in 202 and 811 housing. The case studies are of five organizations actively involved in increasing the use of energy efficiency, water conservation, and green building features in Section 202 or Section 811 developments.

Key elements of each organization's efforts to implement energy-efficient and green housing strategies are described, along with how these organizations have experienced and confronted fundamental challenges. Lessons learned by these organizations include the following:

- For new construction projects, energy modeling and performance data from existing buildings can help with the selection of the most cost-effective features for a planned building.
- For existing buildings, utility usage and costs help inform decisions about cost-effective improvements for existing buildings and identify savings from operations.
- For new construction and gut rehabilitation projects, the type of energy efficiency or green building standard to be followed must be tailored based on property conditions, the business objectives identified for the property, and available resources.
- Use certification programs to inform decisions about which energy efficiency strategies and green measures to implement.

- Drawing on a variety of existing resources can improve decision making.

The complete report can be read or downloaded at:

http://www.huduser.org/portal/publications/affhsg/enh_eng_eff_gbd.html

Best Government Web Site

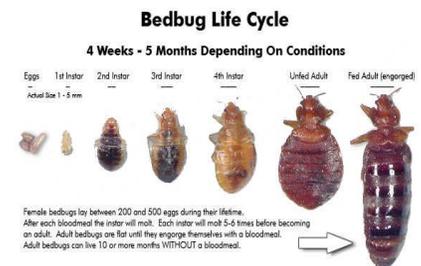


During this year's Fed-Scoop's Open Government and Citizen Engagement Conference, GSA (General Services Administration) gave a presentation on effective website design and highlighted HUD.gov as a best practice for customer service oriented federal agency websites.

Over the past year and a half, HUD's web team in the Office of Public Affairs, in collaboration with HUD's program offices, Regional Web Managers, and the Office of the Chief Information Officer, has been focused and dedicated to making HUD.gov more user-friendly. Because of their commitment and efforts, HUD.gov is being recognized and used as a model for other federal government agencies. Take a moment and visit HUD.gov and see why we are the best!

EPA Bed Bug Summit

The Federal Government convened the second national bed bug summit on February 1-2, 2011. The goal for this summit was to review the current bed bug problem and identify and prioritize further actions to address the problem.



The following web site link provides you with access to 28 pdf files containing presentations given on this topic:

www.epa.gov/pesticides/ppdc/bedbug-summit/2011/2nd-bedbug-summit.html

Outstanding REAC Scores!

Congratulations to the project owners and management agents of the following projects that scored a 95 or more on their last REAC physical inspections:



Philadelphia: Reider House (99), Arbor House (99), and Saligman House (99)- Federation Housing, Inc.; Overmont House (95)- Overmont Corporation; Pleasant Valley (98)- Grosse and Quade Management; Oakview Manor (99)- Lutheran Social Services; and Fairview Meadows (99)- Brethren Services II.

Pittsburgh: Laurel Highlands Village (95)- National Church Residences; Everyday Living (95)- Everyday Living, Inc.; Highland Pointe (95)- Housing and Neighborhood Development Services; Garden Way Apts. (95)- Community Action Partnership of Mercer County; Von Bora Place (96)- The Lutheran Service Society of Western PA; Verona Gardens (98)- Congregate Management Services; and Bridge Street Commons (98)- SeniorCare Network.

Newark: Project Live XIII (95)- Project Live, Inc.; CSPNJ Homes 2004 (96)- Community Enterprises Corporation; St. Mary's Apts. (96)- Wingate Management; and Advance Supportive Housing II (98)- Advance Housing, Inc.

Charleston: Market Manor (95)- NDC Real Estate Management; The Oaks (97)- SHED, Inc.; Fayette Hills Unity (98)- Human Resource Development and Employment; and Lewis Terrace/Tabor Towers (99)- NHPMN Management.

HUD is Going "Green"



HUD's 43 year-old headquarters' building, located at 451 7th Street, SW, Washington, DC, is getting a new roof. Over an 8-month period, the Weaver Building will have a roof installed that will contribute to HUD's overall greening

effort by deflecting heat, providing greater insulation, and featuring vegetation and photovoltaic cells.

The building was originally designed by architect Marcel Breuer and construction was completed in 1968. Its curved X shape was based on Breuer's Y-shaped

design of the UNESCO headquarters in Paris. The design was immediately newsworthy because it was a departure from the plain, boxy structures that had become standard for mid-twentieth-century government offices, in compliance with President Kennedy's executive order calling for higher architectural standards in federal buildings.

Planting Trees in Camden

As part of the Urban Airshed Reforestation Program, the New Jersey Tree Foundation has been active in planting 4,071 trees in the City of Camden since 2002. The 7,775 volunteers involved in this program, representing 135 community organizations, have planted 80 species of trees in every community of Camden to help beautify the city and reduce air and water pollution.



Here's how it works: Residents contact the foundation to request trees for their neighborhood. A two-month process follows that involves community meetings to determine what types of trees are appropriate for the area and where they should be placed. Residents also collect signatures of people who want to "adopt" the trees and recruit volunteers. The volunteers attend a Camden Treekeepers meeting to learn how to care for them. The meetings also emphasize how to be community organizers. Residents must commit to watering the trees, weeding around them, pruning dead limbs, and mulching.

While the mission of the project is to improve water and air quality in Camden, the short-term community benefit is to empower and unite Camden residents to create positive changes where they live.

To learn more about this program, see:

<http://www.newjerseytreefoundation.org/Programs.asp>

Tax Credit Compliance Fees

An owner preparing a budget-based rent increase request, in connection with certain MARA contract renewal options and annual rent adjustments, should follow the requirements in HB 4350.1, Chapter 7, as modified. Specifically, projects with low income housing tax credits may include in their budgets the cost of the annual compliance reports (a.k.a., state allocating agency's compliance and asset monitoring fees) that must be submitted to the tax credit allocation entity.

Simulated Staging

A new and exciting marketing tool to improve the aesthetic appeal of apartment units is “simulated or virtual staging.” Apartment staging, especially with profit-motivated projects, is equally important as house staging, since apartments need to be showcased for their own unique charm and rental features. There are many types of apartments on the market today, with each having its own unique benefits and potential drawbacks. Apartments, newly constructed or rehabilitated, can exist inside large or small buildings and in a variety of neighborhoods.



Rental units can be easily staged to give them more appeal to prospective renters. The traditional method has been to set up a unit with coordinated furnishings and a cohesive décor to make it seem more enticing. Now this can be accomplished through the use of computer technology. Virtual staging gives renters an idea how their apartment will look without actually changing a thing in real life. In essence, virtual property staging is a simulation of décor enhancement, used to determine if proposed alterations will be more aesthetic, as well as functionally practical.

Sophisticated computer software allows accurate mapping of room dimensions and architectural features. Once the room is set up on the program, the new décor can be created with simple clicks of the mouse. Users can change the color of the room, add or remove furniture, art and accessories, and even account for lighting and flooring features. Computer staging requires some good technology skills and an investment in both the hardware and software needed to perform the virtual home makeover. However, the results of computer simulated staging can be fantastic and will really mimic the actual look and feel of the room once the changes are made.

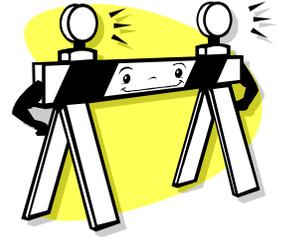
Additional information concerning articles, strategies, advice and tips, on simulated or virtual staging can be found at the following web site:

www.home-staging-home-stager.com/virtual-home-staging.html

Warning Signs of a Bad Contractor

Every project must use contractors to perform specialized work that is beyond the capabilities of its in-house maintenance staff.

Care, however, must be taken to insure that the contractors selected are best able to perform the work on time, within budget, and with the best outcome.



The following are some warning signs of contractors to avoid:

- Lack of project schedules and plans.
- Temporary work crews.
- Expensive change orders.
- Anxious to finish quickly or unconcerned about time.
- Lack of professional memberships or certifications.
- Inappropriate or underperforming equipment.
- Tool disorganization.
- Apathetic leadership.

Project Turnaround

Founder's Landing, formerly known as Westwood Acres, has served as an important source of Section 8 affordable housing for families in Huntington, WV since 1980. However, years of disinvestment had resulted in a housing development with failing REAC scores. In fact, two successive failing REAC inspections, with 20 scores, a 60-70% vacancy rate, four management companies over the past several years, and absentee ownership put this property at high risk of foreclosure.

After the 66-unit property failed the first REAC inspection, and the general partner passed away, our Charleston Program Center started contacting known developers that were active in rehabbing properties with tax credits. Millennia Housing Development, Ltd, based in Cleveland, OH, agreed to take on this troubled property. In late May 2011, they restructured the existing debt and leveraged new equity dollars using 9% low income housing tax credits.

Soon, the City of Huntington will start to see a dramatic physical change at Westwood Acres. Not only will the apartment homes of this community be totally renovated by early next year but, in partnership with the Greater Huntington Park and Recreation District, HUD will be joining the District and the city in revitalizing the West 5th Avenue public park, located adjacent to Westwood Acres. This creative partnership will benefit both the residents of Founder's Landing and the neighborhood at large.

Congratulations to all involved. It is expected that this project will be a showcase rehab that we will be proud of for years.

Evidence Matters

HUD's Office of Public Affairs (OPA) strives to educate and keep the American people informed about the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all. By pursuing media outreach, OPA works to ensure homeowners, renters, and those living in subsidized housing hear directly from key officials about the Department's latest initiatives and goals.

Using communications tools, such as press releases, press conferences, the Internet, media interviews, New Media and community outreach, OPA provides Americans with information about housing policies and programs that are important to them.

In an effort to promote a new generation of data-driven and evidence-based policymaking, HUD is publishing a new quarterly periodical intended to inform housing and community development advocates, state and local policymakers, Congress and researchers on new approaches to issues related to housing and community development. Evidence Matters is an objective, unbiased publication intended to inform the broad housing and community development field on future policy directions based on research and data- in short, the "evidence."

The inaugural issue of Evidence Matters, "Choice Neighborhoods: History and HOPE," focuses on strategies to revitalize neighborhoods of concentrated poverty including HUD's HOPE VI program. One central observation is that while HOPE VI can show significant positive impacts, one of the program's main challenges is its inability to consistently improve multi-faceted problems in residents' lives as it has in improving housing conditions and surrounding communities. The next issue will be "Balancing our Nation's Housing Policy."

These publications can be read at:

http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories

Funding Fact

More than 70% of HUD's budget is devoted to some form of rental assistance. Rental housing is the most widespread.



Morrisville Apartments- 25th Anniversary

Providing safe, comfortable and affordable housing to the elderly requires significant time and effort. Maintaining such high housing standards for a quarter century takes even more work. Presby Inspired Life, a housing organization founded in 1955, has put forth that consistent effort since its establishment.



On May 6, 2011, HUD representatives joined the staff and residents of Presby Inspired Life's Morrisville Presbyterian Apartments to commemorate 25 years of affordable senior housing and care at the Morrisville location. The 99-unit, Section 202 program, affordable housing community was opened in 1986 and represents Presby's first foray into Bucks County, PA.

Brenda Laroche, HUD's Region III Deputy Regional Administrator, spoke of the department's nearly 30-year partnership with Presby and HUD's mission to provide affordable housing in sustainable communities, free of discrimination. "Affordable housing is a priority for HUD staff in Philadelphia, HUD Secretary [Shaun] Donovan and the Obama administration," Laroche said. "Our seniors deserve a life of dignity."

Mrs. Laroche stressed the national importance of affordable housing, something that Presby Inspired Life provides to more than 2,600 seniors in 28 communities located throughout the Greater Delaware Valley. The organization's housing ministry began in 1981, with the opening of Riverside Presbyterian Apartments and its current housing complement that includes 24 managed and sponsored sites throughout the region.

IRM Youth Cycling

Philadelphia Multifamily Hub News wants to recognize the staff of Interstate Realty Management (IRM) and youth participants, involved in the IRM Youth Cycling Program, that participated in the July 11 American Cancer Society Bike-a-Thon.



Great job!

First Friday Celebrated

The City of Williamsport, PA has observed the 10th anniversary of First Friday - a celebration of the arts that has played a major role in transforming downtown Williamsport.



Retired Pennsylvania College of Technology professor Fred Gilmour agreed, saying, "I think First Friday is a pivotal activity in the revitalization of downtown."

Billtown Film Festival organizer Richard James said, "I was here 10 years ago and one of the things I remember is how bleak the downtown was. The First Friday organization really helped a lot in turning that around."

Illustrating just how far First Friday has come since it's beginning in 2001, Anna Falat, President of the Lycoming County Celebrates the Arts Alliance, announced that there will be a First Friday film made by Billtown Film Festival Executive Director Lorena Beniquez. The film will be called "Art Town" and will premiere on WVIA in the fall of this year. "We want it to be a true reflection of the spirit of First Friday from year one to year ten," Beniquez said. "We want to chronicle where its been and where its going."

WVIA-FM producer, editor and on-air host Fiona Powell stated, that "First Friday is a wonderful opportunity for Williamsport to celebrate the arts and to have a concentrated time to appreciate the arts. It's terribly important for the spirit of the town."

Senior Health



Researchers have found that older adults who take brisk walks three times a day, do better on memory tests and increase the size of their hippocampus, a portion of the brain involved with memory formation.

In addition, foods rich in antioxidants called flavonoids (e.g., berries, apples, chocolates, and citrus fruit) may protect older adults from developing Parkinson disease, a disorder of the brain that leads to tremors, and difficulty with walking, movement, and coordination.

Similarly, eating dried apples has been found to be beneficial for cardiovascular health. Women who ate this fruit every day for a year lowered their total cholesterol by 14% and their level of "bad" LDL cholesterol by 23%.

U.S. Housing Market Report

HUD recently released the 1st Quarter report of U.S. Housing Market Conditions for 2011. The report contains a comparative analysis of the multifamily housing sector with previous quarters, updated national data, overviews of economic and housing market, and historical trends.



Some interesting statistics found in the report, concerning the Philadelphia Hub, for the quarter ending March 31, 2011 are as follows:

- Multifamily building activity, as measured by the number of units permitted, decreased 55% (800 units) in WV, 7% (2,210 units) in PA, and 3% in DE (490 units).
- Vacancy rates decreased from 8.5% to 5.3% in Philadelphia (from 4.25 to 3.6% in Center City Philadelphia).
- Vacancy rates decreased from 5.3% to 4.7% in northern NJ, and from 4.1% to 3.7% in central NJ.
- Avg. monthly rents increased 13% to \$2,100 in Center City Philadelphia.
- Apt. rents increased 2% to \$1,520 northern NJ, and 1% to \$1,160 in central NJ.

To read the entire report, see:

http://www.huduser.org/portal/periodicals/ushmc/spring11/USHMC_1q11_regional.pdf

Loan Closings



The following FHA-insured loans closed during the month of June:

PA: Peter's Place, Temple Apartments, Olde Kensington, and Heinz Lofts; and WV: Chateau Hills.