

# PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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[www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa](http://www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa)

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## Carol Galante Interview

Carol Galante, Acting FHA Commissioner, was asked a few questions concerning her new role as the leader of HUD's Multifamily and Single Family staff and its programs. Here are some excerpts of her remarks:



### What do you hope to accomplish as FHA Commissioner?

The big challenge that we face right now is that we are in this moment in time when the entire housing finance system is being rethought. The FHA has the broadest market reach ever. We need to find the proper balance of FHA business and the risk involved, and identify the right place for FHA in the broader housing reform and finance market.

### What are your top objectives in your new role?

I want to ensure every program that we are running is efficient and effective. Whether it's Section 8 subsidies-like the rebid of the PBCA contracts, or single family modification or forbearance agreements- I want them to be as cost effective and running as smoothly as possible. The way to do that is by having in place the systems, people, funding, and best procedures possible to maximize the impact and ensure that we can execute well what is already on our plates. I will focus on the impact we're having on communities on the ground. That means more thoughtful, coordinated, mindful approaches to our significant REO or troubled properties and loans.

### What unique characteristics will you bring to the position?

I see my strengths as a proven ability to help teams execute at top four performance levels to produce the needed results. I'm not an expert at every one of your tasks or programs- but I do have a deep understanding of real estate finance and development, and experience in Multifamily, Healthcare, Single Family, and Asset Management. Prior to coming to HUD, I was President and CEO of a family of non-profit companies that owned, managed, financed, and provided equity to rental, ownership, and senior living homes. So, bottom line, I think I bring practical experience to both the policy and program design efforts but also experience in running a business- and while I know this is government- we are managing a large business within the Office of Housing.

### What do you see as the strengths of the Office of Housing?

We have very talented employees both in Headquarters and in the field who are truly dedicated to the mission of HUD. All of the offices in Housing have been tasked with unprecedented workloads in the past few years, working to meet the challenges in our rental subsidy programs and our FHA insurance programs. The Office of Healthcare Programs has been responding to the unprecedented demand for FHA financing of healthcare facilities, both hospitals and nursing homes. And of course, the Office of Multifamily Programs, which I depart with deep gratitude to the dedicated, hard-working staff that has been dealing with record volume levels in the FHA programs and the ongoing funding challenges in our rental subsidy programs- all supporting the goal of sustaining our multifamily housing stock at a time of critical need.



### North East Manor Dedication

On July 15, 2011 North East Manor, a 27-unit Section 202 project, located in North East, PA was dedicated. The project is the first LEED Silver Section 202 HUD project certified by the U.S. Green Building Council in the country.



LEED is a Green Building Rating System developed by the U.S. Green Building Council (USGBC). Products installed and used in the building were selected for their lower environmental impact and health of occupants. Some of the features that contributed to the Silver LEED rating were as follows:

- High Solar Reflective Index roofing reduces the heat island effect on local micro-climate and cooling costs.
- Efficient plumbing fixtures that allow North East Manor to use 25% less potable water than standard projects and provide savings on utility bills.
- ENERGY STAR appliances.
- All paints, coatings, adhesives, sealants, and carpets met low-VOC standards.
- Native species of plants/trees tolerant to local conditions eliminated the need for irrigation.
- All carpet systems meet the requirements of CRI Green Label Plus. Carpet adhesives meet low-VOC (volatile organic compounds) requirements (No added Urea-Formaldehyde was used).
- All composite wood is free of urea-formaldehyde (UF), a commonly used resin.
- Urea-Formaldehyde-free cabinetry and counters.
- 100% of regularly occupied spaces have thermal controls, and lighting controls- many have occupancy sensors giving residents complete control over their environment.
- Green Seal-certified products were used to provide better indoor air quality and a more healthy environment.
- 100% storm water runoff is treated/filtered on site through dry wells, pervious green space, storm-water retention, and infiltration swales to reduce contamination of local streams and burden on the municipality.

Also, during construction, the following measures were implemented:

- Indoor Air Quality Management included HVAC

protection, source control, low emitting materials, pathway interruption, housekeeping, and scheduling (during construction, daily cleaning removed dust and debris, preventing contamination of surfaces and materials, and reducing dust exposure to workers, and future occupants).

- All ductwork was sealed to prevent dust contamination. Use of temporary heating reduced risk of dust settling in permanent systems, improving air quality for residents.
- Areas of dust generation were separated.
- An independent, third party engineer insured that the energy systems were operating efficiently and were reducing energy needs.
- Promoted recycling and minimized waste to reduce landfill burden.
- Used local materials to reduce transport emissions and support regional economies (e.g., hollow core plank, brick, light metal framing, drywall, site concrete).
- 100% recycled materials used included drywall, structural metal framing, cabinets, and countertops.
- Recycled 95% of construction waste (50+ tons) reducing landfill burden and the need for raw materials- 45% of materials used were from regional companies (within 500 miles).
- 90% wood sourced from sustainably-managed forests.
- Erosion and sedimentation control strategies prevented contamination of local waterways by eliminating sediment runoff from the site.

To maximize tenant health and comfort,

- Over 65% of the site is open green space.
- 91% occupied spaces have direct views of natural surroundings.
- Smoking is not permitted inside or within 25' of the building. (The no-smoking zone was also upheld during construction preventing contamination of finishes).
- Priority parking is provided for low-emitting vehicles. This reduces transportation emissions and reduces the development footprint.
- Alternative transit is encouraged and connectivity to local mass transit improves mobility options for residents.
- Bicycle racks and changing rooms for guest use are provided to promote an active lifestyle.

North East Manor is inspirational proof that HUD-funded senior housing can be designed, built, and operated to new green building standards.

### HUD on You Tube

Did you know that HUD has its own channel on You Tube?



Some current videos are:

2010 Refinement of Income and Rent Rule, New Directions In Rental Housing, FY 12 Budget Rollout, Physical Inspection Review, Fair Housing- It's Your Right, 2010 Initial PID EIV Training, and Lead-Free Kids.

Tune in when you have some time at:

[www.youtube.com/HUDchannel#p/u](http://www.youtube.com/HUDchannel#p/u)

### Preservation Web Page



HUD has added a preservation web page to the Multifamily website. This new page is a resource that provides information about preserving older affordable properties.

It lists notices by subject area, provides resources for preserving FHA-insured properties with maturing mortgages, renewing Section 8 Housing Assistance payments (HAP) contracts and much more. To access the page, please go the Preservation main page at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/presrv](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/presrv)

Click on the link for "Preserving Multifamily Properties."

### Quick Housing Facts

Rural America now accounts for just 16% of the nation's population. Since 2000, metropolitan areas have grown by 11%, with the biggest gains in the suburbs (51%) or in small to medium-sized cities. Overall, cities have increased their share to 33%.

Did you know that HUD oversees more than 22,000 privately owned multifamily properties, and more than 1.4 million assisted housing units?

The City of Philadelphia has been ranked #6 on the list of top 10 cities most-searched real estate markets in the nation. (Source: [www.realtor.com](http://www.realtor.com)).

### Be Proactive with Bed Bugs

As we all know, the treatment of bed bug infestations in apartments can prove very costly- at \$350-\$700 per unit.



The best way to mitigate this expense is to be proactive by performing sweeps of units and common areas before complaints are filed by residents. Traditional bedbug detection methods, however, can be very time consuming and labor intensive. Certified bed bug dogs generate quicker and more accurate results for a fraction of a treatment cost. For example, the bedbug canine can search an average room in less than two minutes with a 96% accuracy rate.

"Man's best friend" has been used very effectively for the detection of a wide variety of things which include but are not limited to drugs, bombs, fugitives, cadavers, mold, and termites. So why not bed bugs? There would seem to be no reason, and canine scent detection for bed bugs is already available.

A number of scent detection companies have emerged offering canine scent detection of bed bugs. Before you hire a scent detection company you should consider the following:

- How frequently do the dogs have false positive alerts (This means that the dog alerts to the presence of bedbugs in situations where bedbugs are not present).
- How often (what percent of time) do dogs fail to find bed bugs?

Canine scent detection can be very effective but it is important to realize that every bed bug detection dog and handler team is different and you need to find out exactly what you can expect from the team that is performing the inspection.

A well-trained bed bug detection dog should be able to identify very small numbers of live bed bugs, sometimes as few as one in mattresses, box springs, baseboards, carpet strips, stuffed toys, as well as piles of clothing.

Additionally, the dogs should be able to discriminate live bugs and viable eggs from evidence left over from an old infestation (fecal spotting, caste skins, empty egg shells, and carcasses). Unless they are able to do this, it becomes much more difficult to distinguish between active and old infestations.

### Energy-Efficient Light Bulb Law

The federal law requiring more energy-efficient light bulbs will be phased-in starting in January 2012. The new incandescent standards will save the nation an estimated \$12.5 billion a year- \$85 a year for the average American family- and is expected to help reduce pollution by 2020 when the law is fully implemented, according to research by the nonprofit National Resources Defense Council. In New Jersey, the expected household savings will be higher at \$125 because of higher energy use than other states. Statewide, the council projects savings of \$447 million. (Note- Lighting traditionally accounts for 9% of a household's utility bill).



Penalties against manufacturers for failing to meet energy standards range from \$200 to a maximum of \$500,000 for product violations. Manufacturers can also be cited for failure to file certain required product reports with the federal government.

The 2007 Energy Bill mandates that traditional incandescent light bulbs, invented by Thomas Edison 125 years ago, must be 25 to 30% more energy-efficient by 2014, and 65 to 70% more efficient by 2020, eventually making them as efficient as today's newer compact fluorescents (CFLs). Old-fashioned bulbs lose 90% of their energy through heat, according to energy experts. Not all traditional incandescents, however, will be eliminated. Unique bulbs for candelabra, appliances, globes, showcases, three-way lamps, bug lights, and plant lights will still be available, according to EPA guidelines.

The impact of newer bulb use will be gradual, since older-type bulbs can still be used. The standard 100-watt incandescent bulb will be the first to go because U.S. companies cannot manufacture it next year. Manufacturers such as Sylvania are replacing the 100-watt with a next-generation incandescent, filled with halogen that uses 72 watts of electricity, but produces light intensity equivalent to or brighter than the traditional 100-watt bulb. Manufacturers already have been supplying stores with lower wattage standard bulbs as another energy-saving tactic. For example, a standard 60-watt has been reduced to 57 watts and the 100-watt is now 95 watts. They lessen brightness a bit but save energy.

LED bulbs are another option, but they are very expensive. Bulbs can range from \$40 to \$50 but last up to 20

years, based on average use.

Marketing studies, however, have found that men buy compact fluorescents to reduce their energy bills, while women and seniors prefer the warm and brighter light of incandescent or subdued compact fluorescent bulbs. Store managers say the CFL is the best value energy-wise for customers because it uses one-fourth the energy of an incandescent bulb and lasts up to six times longer, depending on daily usage. A 23-watt CFL can save half the energy a standard 100-watt uses in a single year and \$60 in lower electricity costs over its six-year life. The new improved halogen incandescent will save only \$14, but some consumers may prefer it because it casts a more traditional lighting hue.

While they save on utility bills, the downside of halogen, CFLs and LEDs is their upfront cost. A standard 60-watt incandescent bulb may cost 40 to 50 cents, compared with \$2 to \$3 for a compact fluorescent, and considerably more- \$40 to \$50- for an LED. There are other drawbacks to CFLs. They cannot be used with a dimmer and they are more hazardous because they contain a small amount of mercury. It is illegal to put them into the trash, and no light bulb should ever be put into a residential recycling bucket. The public can drop the bulbs off at a Home Depot or other home improvement centers for recycling. They can also be taken to a county hazardous waste collection site, or to hazardous waste collection events.

Governments at all levels have been converting to more "green energy" lighting for several years and installing new bulbs in offices and in traffic signals. For example, the Camden County Board of Freeholders in New Jersey has spent more than \$1 million installing CFLs and LEDs in old and new light fixtures and expects to cut its energy consumption by the same amount.

How energy-efficient is your building?

### Crime Report

Philadelphia residents and businesses can now obtain information about crime in their neighborhoods with a click of a mouse thanks to a new partnership between the Philadelphia Police Department and *CrimeReports.com*.



The website allows people to search through six months of data of crimes for free using Google-based mapping and analytics.



## **Revitalization of East Liberty Neighborhood**

Jane Miller, Director of the Pittsburgh Field Office, attended the grand opening of Target in the East Liberty Neighborhood of the City of Pittsburgh on July 19, 2011.



Target is located on the site of the former Penn Circle Towers, a 152-unit affordable housing high-rise. Sold to the Urban Redevelopment Authority City of Pittsburgh (URA) in a negotiated foreclosure sale in 2003, HUD approved the redevelopment of the site for commercial use and released the deed restrictions related to the continued use of the land as affordable housing in 2008.

At the time of the conveyance of Penn Circle to the URA, there were 86 residents living in Penn Circle. Off-site replacement housing has been developed to replace the housing lost with the conversion of the Penn Circle site to a commercial site.

The East Liberty Target marks the company's first venture within the City of Pittsburgh limits and is the first Target in the Pittsburgh area with a full-fledged grocery store. The 2-story East Liberty Target will be the first store in the nation to include windows for natural lighting. With the grand opening, Target joins Home Depot and Whole Foods Market as anchors in a dynamic East Liberty commercial corridor that not too long ago was a poster child for inner city blight.

## **ENERGY STAR Most Efficient**

The EPA and DOE have begun a pilot program, to promote the market's most energy efficient products—ENERGY STAR Most Efficient.



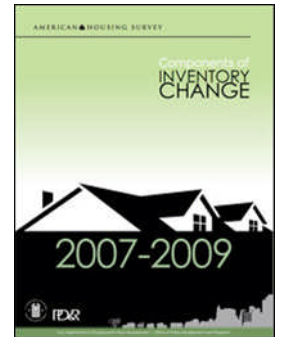
This designation, created as a complement to the familiar ENERGY STAR mark, will recognize the most energy-efficient products that have already qualified for ENERGY STAR

Like the ENERGY STAR mark, the Most Efficient designation will help consumers to easily identify the top tier of energy-efficient products. This year, the new designation is being awarded for clothes washers, heating and air conditioning equipment, televisions, and refrigerator-freezers. The EPA plans to consider more product categories in 2012.

## **Rental Housing Market Reports**

HUD's Office of Policy Development and Research has issued two important reports on the nation's rental housing markets: *Components of Inventory Change: 2007–2009* and *Rental Market Dynamics: 2007–2009*.

The new *Components of Inventory Change* analysis examines the characteristics of the inventory reported in both years, reconciling the difference by tracking what happened to units recorded in 2007 and identifying the sources of units inventoried in 2009. The new *Rental Dynamics* report highlights the changes in affordability of the rental housing stock during the same period. The reports are based on American Housing Survey data.



The reports can be read in their entirety at: [www.huduser.org/portal/datasets/cinch/cinch09/cinch07-09.html](http://www.huduser.org/portal/datasets/cinch/cinch09/cinch07-09.html)

## **HUD Promotes Digital**

President Obama revolutionized the intersection between politics and the internet during his historic 2008 campaign, so it is only natural that his Administration would continue breaking new ground once in office.



HUD has been one of the leaders in that effort, maintaining a robust online presence that allows the public to engage directly with the agency via almost any online avenue they choose. Earlier this year, HUD launched a revamped blog named "*The HUDdle*" which has instantly become a one-stop shop for all things HUD.

You can visit *the HUDdle* at <http://blog.hud.gov/> to get the latest announcements, reports from the field, coverage of the Secretary's events and speeches, and a daily "housing news round-up," which collects all the most interesting pieces from the world of housing and community development at the end of every business day.

Also, on each of the Region III state web pages, there's a clickable link to follow local activities on the HUDMidAtlantic twitter account. See: <http://portal.hud.gov/hudportal/HUD?Donsrc=/states/pennsylvania> under the In Focus section.

### Loan Closings

The following loan closings occurred during the month of September 2011: Insured- PA: B'nai Brith House and Parkview Towers; Section 202- PA: St. Ann Senior, and NJ: Leonia Retirement Housing II and John T. Gregorio Towers; and Section 811- PA: Ken Crest PA 2008, Ken Crest PA 2009, Chandler SIL, and NJ: White Horse Supportive Housing Project.



### Wall Condensation

The latest research on building condensation can be found in the new ASTM International Compilation, STP 1498, *Condensation in Exterior Building Wall Systems*, at: [www.astm.org/BOOKSTORE/PUBS/STP1498.htm](http://www.astm.org/BOOKSTORE/PUBS/STP1498.htm)

### Energy Efficiency Efforts

According to a study by the Economist Intelligence Unit, companies have taken the following approaches to energy efficiency:

- 68%- Improved efficiency of lighting
- 53%- Complied with government regulations
- 47%- Improved efficiency of air conditioning
- 45%- Improved efficiency of heating
- 40%- Enhanced efficiency of building (insulation)
- 35%- Improved efficiency of IT department
- 33%- Improved energy-efficient of equipment
- 26%- Conducted energy audit
- 24%- Created new energy products or services
- 22%- Created flexible work hours for employees
- 5%- Miscellaneous



### Service Coordinator Grants

Congratulations to the following owners, in New Jersey, for their awards of FY 10 Multifamily Housing Service Coordinator Grants:

A.C.T. Affordable Housing, Inc.- \$209,281

Community Senior Citizens Housing- \$ 176,271

### New MAP Guide

The new *Multifamily Accelerated Processing (MAP) Guide* has been issued. It can be viewed or downloaded at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/guidebooks/hsg-GB4430](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/guidebooks/hsg-GB4430)

### WV Rental Housing Conference

On July 20-21, 2011, the Charleston Program Center partnered with the Mid-Atlantic Affordable Housing Management Association to hold the 7<sup>th</sup> Annual West Virginia Rental Housing Conference. There were over 170 attendees- a 20% increase over last year. The increase was due to the fact that the conference was marketed to HUD, USDA, tax credit, and public housing projects.



On the first day, Brenda McClain Asbury, a national multifamily trainer, held sessions on financial management, resident retention, successful resident meetings, and conflict resolution. There was also a vendor exhibition during the lunch break during the first day. The second day had three concurrent break-out sessions with topics such as fair housing, tenant fraud, bedbugs, meth labs, site safety, weatherization, file organization, etc.

The conference received excellent feedback. Congratulations to all.

### New HUD Periodical

HUD's Office of Policy Development and Research is now publishing, *The Edge*, a new online magazine that provides a comprehensive look at PD&R research, periodicals, and publications. You can locate content based on your areas of interest through such categories as: Community Development, Fair Housing, Housing Markets, Neighborhood Revitalization, Rental Housing, Affordable Housing, and Sustainability.



To learn more about *PD&R Edge*, visit: [www.huduser.org/portal/pdredge/pdr\\_edge\\_home.html](http://www.huduser.org/portal/pdredge/pdr_edge_home.html).

## **Discrimination Complaint**

HUD has charged the owners of an apartment building in Traer, Iowa, with violating the Fair Housing Act for refusing to accommodate a request from a family with a 7 year-old child with cerebral palsy for a medically-prescribed emotional support animal. Additionally, the owners allegedly told the mother that if she got the animal, she would have to either move or pay more money to stay.



The Fair Housing Act makes it unlawful for landlords to refuse a reasonable accommodation in their rules, policies, practices, or services when needed to provide persons with disabilities an equal opportunity to use or enjoy a dwelling. It is also against the law to impose different rules and restrictions on those who make such request, including charging them extra money.

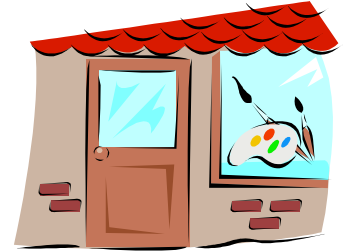
According to the charge, the mother and her daughter were aware of the housing provider's "no-pet policy" when they moved in and did not contest it at that time. Later, recalling that the Labrador retriever who previously lived with them had alleviated stress for her daughter, the mother asked the owners to permit the daughter to have a dog live with them, and provided documentation of the need for the animal from the daughter's pediatrician and therapist. The owners denied the request, stating, "We are not intending to modify the no pet policy on our property." The owners further stated that if the mother insisted on bringing the dog in to help her daughter better cope with her condition, they would collect a \$200 deposit and charge an extra \$25 per month more for rent.

The mother and child eventually moved out of the building to another apartment, which cost more and was much farther from the child's school.

HUD's charge will be heard by a United States Administrative Law Judge unless any party to the charge elects to have the case heard in federal district court. If an administrative law judge finds after a hearing that discrimination has occurred, damages may be awarded to the aggrieved persons for the discrimination.

## **Commercial Space & Income**

HUD issued Notice H 2011-23, *Underwriting Policies and Procedures for Commercial Space and Income in HUD-Insured Multifamily Projects*, on September 1, 2011.



The notice provides instructions and guidance pertaining to the recognition of commercial income (exclusive of parking income) in calculating a maximum insurable mortgage.

In general, the following commercial space and income limitations have been established:

- Section 221(d)(3)& (4)& Section 231- 10% total rentable area; and 15% allowable effective gross income.
- Section 231- 20% total rentable area; and 30% allowable effective gross income.
- Section 223(f)- 20% total rentable area; and 20% allowable effective gross income.

Waivers to the above restrictions can only be made by the Deputy Asst. Secretary for Multifamily Housing based on the recommendation of the Hub Director.

A copy of the notice can be downloaded at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/notices/hsg](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg)

## **Resident Rights & Responsibilities**

The Resident's Rights & Responsibilities Brochure (English version) is now available in Braille. Copies of the document in Braille are available from the Multifamily Housing Clearinghouse. The Clearinghouse can be reached by calling 1-800-685-8470.



There is a limit of 20 documents per order. The document is not available online. The brochure (non-Braille) is also available in other languages (Amharic, Arabic, Armenian, Cambodian, Chinese, Farsi, French, Korean, Portuguese, Russian, Spanish, Tagalog, and Vietnamese). These translated versions of the brochure are available on HUD's Limited English Proficiency website at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/promotingfh/lep](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/promotingfh/lep).