Pennsylvania, New Jersey, Delaware, & West Virginia

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS

Vol. 910 No. 12 Encarnacion Loukatos, Hub Director Thomas.Langston@hud.gov, Editor September

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

Inside this Issue

Sustainable Communities

On June 16, 2011, HUD, DOT, and the EPA celebrated the second anniversary of the Partnership for Sustainable Communities, an interagency effort to help communities nationwide improve access to affordable housing, increase transportation options, and lower transportation costs while protecting the environment and people's health.

Since announcing the Partnership, in 2009, the agencies have dedicated more than $2.5 billion in assistance to over 200 communities in 48 states to help meet housing and transportation goals while simultaneously protecting the environment, promoting equitable development, and addressing the challenges of climate change. Of that funding, $238 million was focused on America's rural communities.

As part of the anniversary, the Partnership highlighted the resources available at: www.sustainable-communities.gov, a one-stop shop for best practices, grant announcements, and accomplishments of the Partnership. The joint website serves as a resource to grantees, local governments and American families seeking to incorporate the Partnership's six livability principles into their community. The website includes contact information for each agency's Sustainability office, ongoing project updates for sustainable community grantees around the country, and recent news and grant information from the Partnership's newsletter, *Partnership in Action.*

This year, the Partnership is continuing its work to provide communities with faster, more streamlined access to its programs and resources and is working closely with other federal agencies, states, and local governments to ensure that Partnership programs use federal resources as efficiently as possible to meet the needs of communities around the country. The Partnership will help its current grantees succeed by providing technical assistance and tools, building capacity in federal field offices, and giving grantees better access to local networks and resources, while using the lessons learned to help future grantees.

In addition, the Partnership will also continue to help cities, suburbs, and rural areas use sustainable community strategies to create jobs, generate economic growth, and encourage redevelopment. With better transportation options, more housing choices, and a healthier environment, communities can attract new jobs and investment.

Strong Cities, Strong Communities

A new and customized pilot initiative was launched in July to strengthen local capacity and spark economic growth in local communities, while ensuring taxpayer dollars are used wisely and efficiently. Federal agencies will provide experienced staff to work directly with six cities: Chester, PA; Cleveland, OH; Detroit, MI; Fresno, CA; Memphis, TN; and New Orleans, LA. These teams will work with local governments, the private sector, and other institutions to leverage federal dollars and support the work being done at the local level to encourage economic growth and community development.

Clarification of Utility Allowances

Owners of multifamily housing properties that receive subsidy assistance, and for which HUD provides a utility allowance are required to adjust their properties' allowances every year at the time of annual and special adjustments of contracts. This is true regardless of the percentage or amount of the adjustment and includes Operating Cost Adjustment Factor (OCAF), Annual Adjustment Factor (AAF), and budget-based adjustments. The adjustment, which may result in an increase or decrease (or no change) from the current utility allowance, must be fully supported by an analysis of the project's utility allowances, based on a reasonable sampling of units (by size), to produce the best estimate cost of what an energy conscious tenant would incur during the year. This documentation must be submitted to the Project Manager (PM) or Contract Administrator (CA) at the time of the annual or special adjustment of contract rents. If the owner does not submit the utility analysis with the rent adjustment submission, the PM/CA must withhold the rent adjustment until receipt of the utility analysis and all other required submissions. Once the required documents are received, the PM/CA retroactively implements the rent adjustment in accordance with Section 524(c) of MAHRA. HUD does not permit submission of a certification by an owner indicating that a utility analysis has been conducted with no resulting change in the current utility allowances, in lieu of submitting an actual utility analysis.

Regulations at 24 CFR §245.405(a) and §245.410 require the owner to serve notice, as defined in 24 CFR §245.4I0, to the tenants of a proposed decrease in utility allowances. This notice must be made at least 30 days prior to submitting the request for a utility allowance decrease to HUD for approval and must provide the tenants with the right to participate in and comment on the proposed decrease in utility allowances. Note that a decrease in the tenant's utility allowance does not constitute a change in the amount a tenant is statutorily required to pay as rent (known as the "total tenant payment"). The decrease does, however, increase the amount a tenant will be paying monthly (or "tenant rent'). It is important to educate tenants on the difference between total tenant payment and tenant rent, especially when a utility analysis will result in a decrease of utility allowances.

As stated above, adjustments in utility allowances are not considered changes in rent under MAHRA. Because of this, multiple adjustments in utility allowances can be made throughout the contract year and must he requested by an owner any time changes in utility rates result in an increase of 10% or more from the most recently approved utility allowance.

EIV & Social Security Income

HUD has received questions regarding the calculation of Social Security income and/or Medicare when the amounts in the Enterprise Income Verification (EIV) system differ from the amounts represented on the Social Security Award (SSA) Letter. Specifically, which document should be used when the SSA Letter indicates a "cents" amount being received and the EIV Income Report does not.

Housing Notice 2010-10 states the Income Report identifying the Social Security benefit information in EIV must be used as third party verification of the tenant's income and will be used to calculate the tenant's income. Additionally, the Owner/Agent (O/A) must confirm with the tenant that the current benefit amount in EIV is correct. If the tenant agrees that the Social Security benefit information reported in EIV is correct, the O/A must use the gross benefit amount reported in EIV for calculating the tenant's income by annualizing the gross benefit amount projected forward for the next 12 months. This requirement allows the O/A to use the amount represented in EIV (even if no cents are included) to calculate income. SSA Letters are not required to be viewed or included in the tenant's file if the EIV Income Report is being used to verify and calculate benefits.

The SSA Award Letter should be used to calculate income and included in the tenant's file only if the tenant disputes the amount(s) on the EIV Income Report. Having the SSA Award Letter in the file is not in itself an indication that the tenant disputes the amount(s) on the EIV Income Report. The O/A should make a note on the EIV Income Report that the tenant disputes the amount and then use the SSA Letter to calculate the income. The award letter must not be older than 120 days. Please refer to Notice H 2010-10 for instructions when the tenant does not have his/her SSA Letter or when the letter is older than 120 days.

South Hills Residences

The grand opening of the South Hills Retirement Residences was held on July 13, 2011. South Hills Retirement Residences, located in the Mount Washington neighborhood of Pittsburgh, PA, is an adaptive re-use of a high school that was built in 1906 and sat vacant since it closed its doors in 1986.

South Hills Retirement Residences will comprise 106 rental apartments for seniors and up to 15,000 square feet of commercial space. The rental apartments will include 84 affordable and 22 market rate apartments for seniors. The $23,000,000 project included an FHA insured Section 231 mortgage of $2,300,000 to ensure gap financing for the development of the project. Additional funding sources include $13,300,000 in tax credit equity, $800,000 in American Recovery Reinvestment Act Funds (TCAP), $1,500,000 from Pennsylvania Housing Finance Agency, $1,500,000 from Pennsylvania Redevelopment Assistance Capital Program, $3,000,000 from the Urban Redevelopment Authority of the City of Pittsburgh, and $600,000 from the Federal Home Loan Bank.

South Hills Retirement Residences was the first HUD closing to incorporate new streamlined guidelines for processing mortgage insurance applications involving low-income housing tax credits. South Hills Retirement Residences is being developed by a.m. Rodriguez Associates, Inc. out of Akron, Ohio. Professional management will be provided by Congregate Management Services, Inc.

In the Spring of 2011 the building received a LEED Silver Certification. Also, in May of 2011, the Development Team was presented a Charles L. Edson Tax Credit Excellence Award for providing affordable green housing by Senator Robert Casey.

Rental Facts

West New York, NJ, a 1.3 sq. mi. city, across the Hudson River from Manhattan, is ranked #52 on a list of cities with the highest percentage of renters at 80%. The national average is 34%.

Also, the city has the highest population density in the Hub, and one of the highest in the country at 46,229 per sq. mi.

REAC Complaint Dismissed

The U.S. District Court for the Southern District of New York, on April 5, 2011, dismissed a complaint filed by Valentine Properties Associates against HUD (05 Civ. 2033) regarding HUD's enforcement of failed REAC physical inspections.

Two Section 8-assisted projects in Yonkers, NY, that are owned by the Plaintiffs, failed their annual physical inspections in 2003. They then filed suit on October 12, 2007, claiming that the REAC standards that permitted HUD to terminate their Housing Assistance Payments (HAP) contracts violated the terms of these same contracts.

Specifically, they stated that any attempt by HUD to apply REAC inspection standards to terminate their pre-1980 HAP contracts is barred and illegal under HUD's regulations. Instead of using REAC standards, which address the site, the building's exterior, the building's systems, the dwelling units, the common areas, and health/safety considerations, the older less comprehensive HQS standards should have applied. These focus more on the individual units in which the assisted families reside.

In their motion for summary judgment, the Plaintiffs alleged that the REAC Protocol was invalid because it represented the adoption of two definitions for the terms of "decent, safe, and sanitary" and does not follow the REAC regulations.

The court, however, ruled in HUD's favor and dismissed the complaint with prejudice. It reasoned that Congress delegated authority for evaluating Section 8 housing to HUD and that it would not substitute its judgment for that of the agency.

New Director Pittsburgh Field Office

Congratulations to Jane Miller, Director Pittsburgh Program Center, who has been promoted to the position of Director Pittsburgh Field Office, effective August 28, 2011.

We all wish Jane much success in her new and challenging job.

Safety Tips for Apartment Residents

Sadly, crime is a fact of life throughout the country, as well as our Hub. We must all be aware of the distinct possibility that we could become the victim of a crime at any time. The unfortunate reality is that crime, including break-ins and burglaries, cannot be totally eliminated. But we can all do our part to make sure our homes remain as safe as possible. The following are some guidelines that are recommended to all residents to guard against burglaries and break-ins. Keep in mind no list could include every precaution for every situation that may arise. The best safety measures are the ones we perform as a matter of common sense and habit.

- Lock doors and windows-even while inside.
- Check door locks, window latches, and other devices regularly to make sure they are in working order.
- Immediately report to management, in writing, any needed repairs of locks, latches, doors, windows, smoke detectors, and alarm systems.
- Lock doors while no one is home. Don't forget windows and sliding doors.
- Don't hide a key under the doormat, nearby flowerpot, or other hiding place. Burglars will always look in such places.
- Immediately report, in writing, any malfunction of safety devices in the apartment community such as broken gate locks; burned-out lights in stairwells, hallways, laundry rooms and parking lots; blocked passages, broken railings, or other apparatus in need of repair.
- Always keep doors to the building locked. Be aware of people who may be following you in order to gain entrance into the building without permission.
- When answering your door, see who is there first, if you can. If you don't know or can't see who is at the door, first talk with him or her without opening the door. Don't open the door if you have any doubts.
- Don't give entry keys, codes or electronic gate cards to anyone.
- Don't put your name, address, or phone number on your key ring.
- Use a timer on lights, your television and radio to make it appear as though someone is home.
- While on vacation, temporarily stop newspaper and mail delivery, or have a trusted friend pick them up every day.
- Mark or engrave your driver's license number or other identification on valuable personal property.
- If you arrive home and it appears your home has been entered without permission, don't go inside. Call 911.
- Never confront a burglar or disturb the area.
- Discuss these or any other safety concerns with management.

(Source: Apt. Assoc. of Greater Philadelphia)

New Data Set Reference Guide

HUD USER now provides convenient, one-stop access to the original data sets generated by the Office of Policy Development and Research (PD&R). The Data Set Reference Guide appears in a "linked matrix" format that provides quick access to data from the American Housing Survey, HUD median family income limits, and microdata on housing discrimination, the HUD-insured multifamily housing stock, HUD's assisted housing population, and other housing-related topics.

To help users identify the data that are most useful to them, two matrices are presented- one for PD&R data sets and a second that lists other data available from HUD. In these reference guides, each data set is rated based on its relevance to (and usefulness for) conducting research in the 10 categories.

To view the new linked matrix, see:

www.huduser.org/portal/datasets/HU_data_matrix.html

"Meet the HUD Staff"

Randall Scheetz is the Chief of Asset Management for the Philadelphia Program Center. He joined HUD in May 2004.

Prior to this time, he was employed in the affordable housing industry as a business manager with a non-profit organization in Delaware, which owns and operates two senior housing properties.

In his current role, he is responsible for managing FHA multifamily mortgage insurance programs, Section 202 and 811, and the Project-Based Section 8.

Fair Housing Initiatives Program

A recent report from HUD's Office of Policy Development and Research, *Study of the Fair Housing Initiatives Program*, finds that Fair Housing Initiatives Programs (FHIPs) often serve as the first point of contact for people filing discrimination complaints and that they filter out cases that are not covered by civil rights statutes or that lack merit. When FHIPs sign on as a complainant or representative of a complainant, such cases are much more likely to result in a conciliation or cause finding than cases coming from other sources.

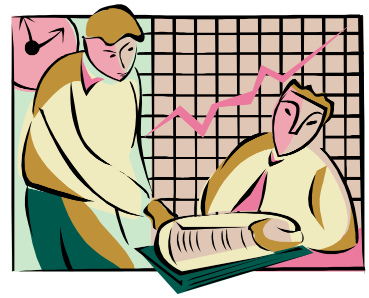
This study examines the Fair Housing Initiatives Program (FHIP) from its inception in 1987 through 2006. The goals of this study are to create a history of FHIP, describe its grantees, analyze the types of grants awarded through the program, and analyze the outcomes of cases investigated by grant recipients, especially the comparison of the outcomes of cases referred by the grantees with those referred by others. It is useful to note the limitations of this study. It is primarily a process study of FHIP based on interviews with FHIP grantee organizations. Outcomes are reported based on cases that are referred to HUD. The study does not include reviews of cases not referred to HUD and does not assess the efficiency of FHIP or effects of the program.

As background, fair housing organizations and other nonprofits receive competitive grant funding through the Fair Housing Initiatives Program. FHIP was authorized in 1987 to provide funding to these local organizations to fight housing discrimination and to assist people who believe they have been victims of housing discrimination. Through the program, FHIP organizations perform fair housing investigations, enforcement, and testing; educate the public and housing providers about fair housing laws, including their rights under the law and how landlords, realtors, and banks can comply with those laws; and build the capacity and effectiveness of nonprofit fair housing organizations.

The entire report can be read at:

www.huduser.org/portal/publications/fairhsg/fhip_11.html

U.S. Housing Market Report



HUD recently released the 2nd 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 12 months ending June 2011, are as follows:

- Multifamily building activity, as measured by the number of units permitted, increased 40% in NJ (6,675 units). Decreases of 27% (130 units) occurred in WV, 5% (2,240 units) in PA, 9% in DE (480 units).
- Vacancy rates decreased from 5.9% to 2.9% in the Philadelphia suburbs, but increased from 1.9% to 2.4% in center City Philadelphia.
- Vacancy rates decreased from 5.1% to 4.4% in Northern NJ, and from 4.1% to 3.5% for Central NJ.
- Avg. monthly rents increased 9% to $2,170 in Center City Philadelphia.
- Avg. mo. rents increased 3% to $1,440 in the Philadelphia suburbs.
- Apt. rents increased more than 2% to $1,525 Northern NJ, and nearly 2% to $1,170 in Central NJ.

To read the entire report, see:

http://www.huduser.org/portal/periodicals/ushmc/summer11/index.html

$10 Billion Recovery Milestone

In mid-June 2011, the nine HUD programs that received funds through the American Recovery and Reinvestment Act of 2009 have disbursed over $10 billion- five months ahead of the projected timeline!

These funds have had an enormously positive impact on the lives of Americans and their families nationwide, and HUD's efficiency in getting this money to families has ensured a continued recovery

Cameras Aid Crime Fight

The City of Camden, NJ is employing new allies in its fight against crime who never sleep and are always on duty. Those allies are more than 50 surveillance cameras that are strategically located throughout dozens of street corners across the 9-square mile city.

The cameras are linked to the police headquarters' command center where live video feeds are monitored on computer screens and flat screen televisions. This high tech tool provides officers with an extra set of eyes and is a dramatic force multiplier.

Along with the video feeds of the cameras, the command center is also linked to a gunshot detection system that immediately pinpoints the locations of gunfire throughout the city. There is also a live digital mapping grid of every city patrol car's location.

Residents report that these measures are making a significant difference in reducing crime and drug activity in their neighborhoods.

Elderly Transportation Crisis

By 2015, more than 15.5 million Americans 65 and older will live in communities where public transportation service is poor or nonexistent. That number is expected to continue to grow rapidly as the baby boom generation "ages in place" in the suburbs with few mobility options for those who do not drive.

A new report, Aging in Place, Stuck without Options ranks metro areas by the percentage of seniors with poor access to public transportation, now and in the coming years, and presents other data on aging and transportation. Researchers found that cities, towns and counties will struggle and in most cases fight a losing battle to keep up as the population ages and seniors give up their cars.

Specifically, the analysis by the Center for Neighborhood Technology evaluates metro areas within each of five size categories. It shows that in just four years, 90% of seniors in metro Atlanta will live in neighborhoods with poor access to options other than driving, the worst ranking among metro areas with populations over three million. In that size category, metro Atlanta is followed by the Riverside-San Bernardino, CA metro area, along with Houston, Detroit and Dallas. Kansas City tops the list for metros of 1-3 million, followed by Oklahoma City, Fort Worth, Nashville and Raleigh-Durham.

Five suburban New Jersey counties will have poor access to transportation for senior citizens by 2015, with as much as 75% of people from age 65 to 79 in Monmouth and Ocean counties being affected if they give up driving in their golden years.

The report comes out as county transit services throughout New Jersey struggle to keep up with the increased need from senior citizens and disabled clients who count on the buses and dial-a-ride services to go to work, to doctor's appointments, to the drug store and to buy groceries. Funding for the services come from grants from Atlantic City casino revenues- which have been declining for several years because of the recession and increased competition- and county funds.

The report called for increased federal funding for mass transit and para-transit, but also suggested implementing policies such as Complete Streets, which calls for designing new or rebuilt roads to have facilities for all users- pedestrians, cyclists, and motorists.

Planning and zoning alternatives providing for mixed use "transit villages" in areas near bus and train stations would help mobility issues, as would retrofitting older suburban neighborhoods with sidewalks and small neighborhood shops, such as a pharmacy and doctor's offices people could walk to.

The 56-page report can be read in its entirety at: http://t4america.org/docs/SeniorsMobilityCrisis.pdf

PHFA Electronic Newsletter

PHFA has an informative electronic newsletter, *Quick Connections*. If you would like to subscribe to it, contact: cbaker@phfa.org.

Loan Closings

The following two FHA-insured loans closed in August 2011:
PA- South Hills Retirement,
and WV- Beverly Manor.