Retained Sales Proceeds

HUD is now permitting the retention of proceeds resulting from sales of FHA-insured or Secretary-held (formerly insured) multifamily projects by nonprofit owners.

This change is being permitted to facilitate the sale and preservation of at-risk projects as affordable housing prior to their maturity dates. Notice H 2011-13, issued on November 10, 2011, provides the parameters under which a nonprofit owner may retain proceeds from the sale of a project to complete a preservation transaction.

In general, the following six requirements must be met as part of HUD’s approval of the transaction:

- Execution of a Use Agreement.
- Renewal and assignment of HAP Contracts.
- Rent Setting (restrictions).
- Physical Improvements (Capital Needs Assessment).
- Financing Plan (demonstrate operational feasibility).
- Purchaser Capacity (capacity to complete repairs and successfully manage).

The Hub/PC Director will review the proposed transaction to ensure compliance with the Notice.

For complete details, see:

FY 11 Initial Endorsements

After a strong year in FY 10, HUD’s Multifamily Hubs’ production set new records. In FY 11, 17 Hubs initially endorsed 1,244 FHA & Risk Sharing loans- 23% more than the 1,013 loans closed in FY 10.

The 1,244 is the largest number of loans closed since FY 03 and 04. These 1,244 loans provided 188,807 units/beds and totaled $12.5 billion, the highest dollar volume Hubs have ever closed in one fiscal year!

Top 10 Lenders

The top 10 lenders for initial endorsements for FY 11 were as follows (in millions):

1. Wells Fargo Bank- $1,274.65
2. Berkadia Commercial Mtg.– $1,093.40
3. Red Mortgage Capital- $1,047.61
4. Oppenheimer- $1,003.68
5. Greystone Servicing- $731.27
6. P/R Mtge & Invest. Corp.- $583.74
7. Prudential Huntoon Paige- $574.51
8. Love Funding Corp.- $552.53
9. CW Capital LLC- $498.56
10. Dougherty Mortgage LLC- $352.31

Jump in Housing

Housing starts and building permits jumped to an 18-month high in November 2011, as demand for rental apartments rose, suggesting a tentative recovery for the housing market.
Fair Market Rents

The 2012 HUD Fair Market Rents (FMRs) were published on October 1, 2011. The FMRs are used in the Housing Choice Voucher, the Moderate Rehabilitation, and the Project-Based Voucher Programs, as well as other programs that require location-specific economic data.

The FY 2012 FMRs are available from HUD USER at: www.huduser.org/datasets/fmr.html.

Section 202/811 Awards

Congratulations to the following non-profit organizations who received capital advance and housing assistance payments funding to construct new Section 202 and 811 housing for the elderly and the disabled under the FY 10/11 NOFA:

Pennsylvania

Section 202: Community Action Partnership of Mercer County- $3,479,600 capital advance, $289,800 three-year rental subsidy, 25 units; Butler; Community Action Partnership of Mercer County- $5,567,400, $463,500, 40, Natrona Heights; Intercommunity Action, Inc., $6,491,100, $672,900, 40, Philadelphia; and Philadelphia Presbyterian Homes and Services for the Aging, $7,737,500, $807,600, 49, Philadelphia; and Section 811: Columbus Property Management and Development, $1,135,900, $1,588,500, 72, Garwood; The Domus Corporation and Catholic Charities of the Archdiocese of Newark, $8,149,000, $1,096,500, 50, Lyndhurst; Affordable Housing Alliance, Inc., $1,622,700, $223,800, 10, Millstone; and Section 811: CARING, Inc., $1,234,700, $134,100, 8, Absecon; Collaborative Supported Programs of NJ, Inc., $1,553,700, $151,500, 9, Spring City.

New Jersey

Section 202: Westfield Senior Citizen Housing Corporation, $11,719,100, $1,588,500, 72, Garwood; The Domus Corporation and Catholic Charities of the Archdiocese of Newark, $8,149,000, $1,096,500, 50, Lyndhurst; Affordable Housing Alliance, Inc., $1,622,700, $223,800, 10, Millstone; and Section 811: CARING, Inc., $1,234,700, $134,100, 8, Absecon; Collaborative Supported Programs of NJ, Inc., $1,553,700, $100,500, 6, Blackwood; Collaborative Supported Programs of NJ, Inc., $1,240,800, $134,100, 8, Blackwood; ARC of Atlantic County, Inc., $1,771,300, $167,400, 10, Egg Harbor Township; and Allies, Inc., $1,234,700, $179,100, 8, Middletown.

Delaware


West Virginia


Section 811 Resource

The Technical Assistance Collaborative, Inc. (TAC), a national nonprofit technical assistance and consulting company, has launched a new web site - the TAC Resource Center on Supportive Housing. The goal of the TAC Resource Center is to expand new and innovative supportive housing approaches and models which link affordable and accessible permanent housing resources with community-based supports and services for people with significant and long-term disabilities.

This site highlights HUD’s new integrated supportive housing approach that links affordable housing with voluntary community-based services and supports through structured state-level partnerships. The TAC Resource Center will connect state housing agencies, state health and human service agencies, the disability community, housing developers and service providers to the information and technical assistance they need to implement these promising innovations in supportive housing, including successful models in states that have pioneered the integrated supportive housing approach.

Over time, this site will also support the development and implementation of related policy and funding initiatives, including new opportunities within the Patient Protection and Affordable Care Act to finance effective Medicaid service approaches for people with disabilities living in supportive housing.

You can visit TAC’s site and sign up for is e-mail list at: http://811resourcecenter.tacinc.org.
AHMAs Win Awards

Congratulations to the PennDel AHMA, PAHMA, and JAHMA for winning the National Affordable Housing Association’s 2011 AHMA awards.

PennDel won awards in the following three categories:

- AHMA of the Year Award- small-sized AHMA category.
- AHMA Communities of Quality Program Award- small-sized AHMA category.
- AHMA Innovation Award- small-sized AHMA category.

PAHMA and JAHMA won awards in the following category:

- AHMA Innovation Award– in the medium-sized AHMA category.

These awards are a testament to the PennDel and PAHMA organizations’ commitments to furthering the cause of excellent affordable housing and maintaining high standards in the industry.

Award winners will be honored during the NAHMA Industry Awards Ceremony that will take place at the NAHMA 2012 Winter Meeting, on March 12, 2012, at the Fairmont Washington, 2401 M St., NW, Washington, DC 20037.

Changes to APPS

With the new v9.4 release of APPS (Active Partners Performance System) on December 3, the following changes have been made to enhance system functionalities:

- HUD users will no longer incorrectly receive the error message “Your applicant ID is invalid or missing from 2530 submission. You will need to re-enter an applicant TIN” when using the edit participant detail option on the 2530 Submission page.

- HUD users will be able to search by TIN/SSN on the Flag Status Report page. Previous options were to search by Organization Name or Individual’s Last Name and First Initial.

- The name of the HUD user who modified the status of a flag will appear to the right of the Status column on the Flag List page.

- SPM’s will receive an e-mail notification when a Project Manager assigns a submission to their name from the Change Submission Review Status page.

- The email address field is a required field on the 2530 Edit Contact Information page.

- Industry users will not be able to submit a Modified TPA/Org Change submission if they have not made any changes to their organization/participant profile. For Organization Change Submissions, only the names of the Applicant and the new participants added to the organization structure will appear in the signature section of the 2530 submission package.

FY 12 Income Limits

HUD has released its FY2012 Median Family Income estimates and FY2012 Income Limits, effective December 1, 2011.

All of the FY2012 Income Limit materials, including the interactive documentation systems, are available at:

www.huduser.org/portal/datasets/il/il12/index.html

New Zoning Code

The City of Philadelphia has overhauled its zoning code for the first time in 50 years. The new code, which will go into effect in July 2012, reduces the number of zoning classifications, in part, to simplify the process for those who plan to open businesses.

The code also regulates the role of community organizations in development approval and increases the transparency of the development process from start to finish.

Over the next several months, the Zoning Code Commission will be working with the City Planning Commission to remap city land to help guide future development.
Making it to 90

Nearly 2 million Americans now are 90 or over—nearly triple their numbers of just three decades ago. Joined by graying baby boomers, this age group is projected to increase from 1.9 million to 8.7 million by mid-century—making up 2 percent of the total U.S. population and one in 10 older Americans. That’s a big change from over a century ago, when fewer than 100,000 people reached 90.

Demographers attribute the increases mostly to better nutrition and advances in medical care. Still, the longer life spans present additional risks for disabilities and chronic conditions such as arthritis, diabetes, and Alzheimer’s disease.

An Associated Press-LifeGoesStrong.com poll in June found that more than one in four adults expect to live to at least 90, including nearly half of those currently 65 or older. A majority of adults also said they expected people in their generation to live longer than those in their parents’ generation, with about 46 percent saying they expected a better quality of life in later years, as well.

“According to the report, the share of people 90-94 who have some kind of impairment, such as inability to do errands, visit a doctor’s office, climb stairs or bathe, is 13 percentage points higher than those in the 85-89 age group—82 percent versus 69 percent.

Among those 95 and older, the disability rate climbs to 91 percent. By the time a person reaches 65, Americans are generally expected to live close to 20 years longer—up from 12 years in 1930. At age 90, their expectancy is another five years.

Other findings in the census report:

- Among the 90-plus population, women outnumber men by a ratio of nearly 3 to 1.
- Broken down by race and ethnicity, non-Hispanic whites made up the vast majority of the 90-plus population, at 88.1 percent. That’s compared to 7.6 percent who were black, 4 percent Hispanic, and 2.2 percent Asian.
- Many individuals who were 90 or older lived in households alone—about 37.3 percent. Some 37.1 percent lived in households with family or others, while about 23 percent stayed in nursing homes. About 3 percent lived in assisted living or other informal care facilities.

Rental Housing Heats Up

Nearly 4 million new renting households were created between 2005 and 2010, according to Harvard’s Joint Center for Housing Studies. Under normal economic conditions, that’s more than 10 times the number of new renters who would be expected in a five-year span. This demand has driven up monthly rents and home builders are rushing to cash in.

More apartment buildings, however, will not add enough jobs to reduce unemployment or hasten an end to the housing crisis. Still, it has contributed to the overall economy’s growth for two straight quarters “You’re not going to see apartments as an economic driver,” said James Marple, senior economist at TD Economics. “But it’s renters who are clearly going to drive the demand for housing.”

It’s also worth keeping the increase in perspective: The growth in apartment construction is coming off extremely low levels. In 2010, for example, only 146,000 apartments were built. That was the lowest since 1993. By comparison, in 2005, just before the housing market went bust, 258,000 apartments were built. An encouraging sign that builders could match that level over the next few years is the fact that permits for apartment buildings, a gauge of future construction, have jumped more than 60 percent over the past year. That compares with just 6.6 percent growth in permits for single-family construction over the same period.

The demand is there,” said Mark Obrinsky, chief economist at National Multi Housing Council. “Rents have recovered, much of them to where they were before the recession.”

As more people have become tenants, landlords have raised rents. The average rent in the United States has risen 2.4 percent over the past 12 months to $1,004 a month, according to the real estate data firm Reis Inc. Over the previous year, rents rose just 1 percent. Between 2008 and 2009, they fell 2.7 percent.
Those who were 90 or older had median income of $14,760—about half of it from Social Security. About 14.5 percent of the age group lived in poverty, compared to 9.6 percent for Americans who are 65-89.

Painting Tips

The EPA has issued the following best safety practices for painting residential or commercial areas:

- Specify the least toxic, formaldehyde-free, zero-VOC (volatile organic compound), or low-VOC paint.
- Specify products that contain no lead, mercury, hexavalent chromium, or cadmium.
- Isolate the area to be painted.
- Review recommended duration between paint application and occupancy and review for compatibility with maintenance schedules/requirements.
- When possible, schedule work during unoccupied periods or periods of least occupancy.
- Where possible, perform painting and stripping off-site or select materials with factory-applied finishes.
- Protect items that are not to be painted with plastic sheeting. This will prevent VOCs being absorbed into fabrics.
- Consider constructing barriers to help isolate portions of larger areas and minimize the distribution of dust or other pollutants.
- Wipe down all surfaces with a wet cloth as soon as practical after sanding or scraping.
- Carefully follow manufacturers’s recommendations for cleanup, storage, and disposal of paints, primers, and thinners.
- Keep paint containers covered as much as possible during and following use to protect against VOC release.

“Smart” Dishwashers

The latest model dishwashers are employing turbidity sensors that monitor the soil levels in wash water during the dishwasher cycle.

These sensors shine a light through the water and read how much light makes it through the water. If the light is blocked by soils, the sensor will add more water and temperature to remove the soils from the dishes. Conversely, if the sensor detects low soils, the dishwasher will use the least amount of water and energy and still get the dishes clean.

New Section 202 Collection Procedures

Housing Notice 2011-32 captioned, “Collection Procedures for Delinquent Section 202 Direct Loans,” published on November 22, 2011, provides new procedures for collecting delinquent Section 202 mortgage payments and describes the actions that HUD Project Managers must take to bring Section 202 loans current.

It is the Department’s policy that any Section 202 loan that is not brought current or under a Workout Agreement, within 90 days of a default, will be recommended for foreclosure.

For additional details, see:


Ductwork

A duct system that is properly sealed and insulated can reap major benefits, such as:

- Improved comfort—Lessen the problem of rooms being too cold in the winter or too hot in the summer.
- Enhanced Indoor Air Quality—Reduce the risk of pollutants circulating through the dwelling.
- Promote Safety—Avoid “backdrafting” of combustion gases from gas appliances.
- Lowered Energy Bills—Leaking ducts can reduce HVAC efficiency by as much as 20%.
- Protect the Environment—By using less energy, you help to reduce power plant emissions and fight global warming.

Indexing of Mortgage Limits

HUD has adjusted the basic statutory mortgage limits for multifamily housing programs for calendar year 2012, effective January 1, 2012.

The new mortgage limits are contained in Federal Register Vol. 76, No. 246, dated December 22, 2011. They can be viewed at: www.gpo.gov/fdsys/pkg/FR-2011-12-22/pdf/2011-32811.pdf#page=1
Moving from Public Housing

HUD recently released the “Moving to Opportunity for Fair Housing Demonstration Final Impacts Evaluation.” The final report details the findings of a 15-year, experimental study that examined the effects of moving from public housing developments to neighborhoods with lower poverty rates on adults and children in five U.S. cities. The research measured outcomes related to mobility, neighborhood and housing conditions, social networks, mental and physical health, economic self-sufficiency, risky and criminal behavior, and educational attainment.

Overall, the demonstration shows that housing vouchers provide expanded access to neighborhoods where poverty rates are lower and residents feel safer. In addition, women in the program who moved to neighborhoods with poverty rates less than 10% (the “experimental group”) were less likely to develop diabetes and extreme obesity compared to women in the control group who were not given vouchers to move. Moving, however, did not result in less reliance on public assistance or improved economic outcomes, nor did it improve educational attainment in children.

The entire report can be read at:


Reclaimed Vacant Lots

Across Philadelphia, about 4,500 vacant lots, totaling almost 8 million square feet, were cleaned and greened from 1999 to 2008 by the Pennsylvania Horticultural Society.

A decade-long study by the University of Pennsylvania has shown that cleaning and greening vacant urban lots can lead to a reduction in crime and improvement in health. Specifically, it found a significant reduction in the number of gun assaults in most of the city and a significant reduction in vandalism in one section of the city. It also found that residents in certain sections reported significant less stress and more exercise.

Researchers said that the improved lots likely signaled to criminals that residents cared and were watching the area, while the health benefits came as a result of cleaner, more attractive environments for residents.

Eliminating Regulatory Barriers

HUD has published the latest edition of Breakthroughs on its Regulatory Barriers Clearinghouse (RBC) website. In this issue, you’ll learn about the following activities:

- A public-private partnership that helped finance a mixed-use development – Jazz @ Walter Circle in East St. Louis, Illinois - using public housing funds in the New Markets Tax Credit leveraging finance structure.
- A new project in New York City’s Queens Borough that is helping to eliminate blight, redevelop the Richmond Hill neighborhood and bring quality affordable housing to families and older adults, including those who were formerly homeless.
- Five cities in California’s East Bay area that are working to respond to the demands of affordable housing by addressing regulatory barriers to the development of accessory dwelling units.

You can read about the complete details of these activities at:

http://www.huduser.org/portal/rbc/newsletter/vol10iss6_1.html.

Free PA Apartment Listing Service

Owners and managers of affordable housing in PA can have their projects listed on the web for free. For more details, see: www.pahousingsearch.com

Loan Closings

The following loans closed in the months of November and December 2010 in the Philadelphia Hub: Insured – PA: Butler Arrows, Coraopolis Towers, Connelly Manor, Bix at 26, & Crafton Plaza; Charleston: Agsten Manor, Edgewood Village, & Buffalo Creek Apts.; and Newark: Plaza Apts., & Clock towers; and Section 202 – Newark: Ridge Oak III.