

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



Vol. 11 No. 9 Encarnacion Loukatos, Hub Director Thomas.Langston@hud.gov, Editor June 2012



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

Inside this Issue:

Open Government.....Pg. 1

Rental Assistance Demonstration.....Pg.2

Status of Fair Housing.....Pg. 3

SMART Rehab Funding.....Pg. 3

Cityscape.....Pg. 4

Lead-Based Paint Settlement.....Pg. 4

Floods.....Pg. 4

Choosing a Central Air Unit.....Pg. 5

Parking Lot Drainage.....Pg. 5

Loan Closings.....Pg. 5

Tenant "Turnoffs".....Pg. 5

Sustaining our Investments.....Pg. 5

Facility Dog.....Pg. 6

Painting & Surface Preparation.....Pg. 6

Charter House Turnaround.....Pg. 7

U.S. Market Report.....Pg. 7

Brag about Your Project.....Pg. 7



Open Government

In 2010, President Obama implemented an initiative, the Open Government Directive that required federal agencies to take immediate, specific steps to achieve key milestones in transparency, participation, and collaboration.



The following is a recap, by Raphael Bostic, Asst. Secretary for Policy Development and Research, discussing HUD's efforts to promote this initiative.

"At HUD, we began our response to the Directive by developing an award-winning Open Government Plan. This plan lays out a detailed strategy for making the Department more transparent and easier to work with. We have since made important strides in embracing the goals and objectives of Open Government.

One of the most recent achievements was HUD's creation and release of a new database- the 5 percent sample of households who receive rental assistance. The 5 percent database is modeled after the Census Bureau's 5 percent sample, which provides researchers with a way to do people-based analysis without compromising the identities of any individuals or families. Spanning the voucher, public housing, and Section 108 and 202 programs, this household level database should allow us to better

understand how housing matters for our tenant population. It is a valuable complement to the existing Picture of Subsidized Households, which provides information on rental assistance based on geographic boundaries.

This new database represents only one database that HUD has made available through the web in response to the Open Government Directive. The Administration has established a website from which many databases can be accessed- data.gov. HUD has posted many databases on the data.gov site, including data on Fair Market Rents and program income limits, multifamily physical inspection scores, and a neighborhood mapping tool, among others.

HUD is also working to create new opportunities from its grant-making programs by lifting the veil on those who did not receive grant awards. Through partner.hud.gov, this situation is beginning to change. Using our Choice Neighborhoods grant program as an initial pilot, the partner hud.gov website reports on all the award winners, as well as runner-up applications that came close to receiving an award. Through this site, foundations and others interested in supporting Choice Neighborhoods now have a portal through which they can identify those with strong approaches and reach out to them. Our hope is that they establish supplemental relationships that will enhance program performance and expand the set of areas pursuing the Choice Neighborhoods model. Our goal is to expand partner.hud.gov to include more of HUD's grant programs, so that the potential for expanded participation across all of our programs is enhanced."

Hopefully, HUD will be successful in achieving the goal of the Open Government Directive to change the way government does business and make it work better.

Rental Assistance Demonstration

The following are additional remarks by Raphael Bostic, Asst. Secretary for Policy Development and Research, discussing HUD's Rental Assistance Demonstration Program.



"The housing market has faced significant challenges over the past 5 years. While having major impacts on the ownership market, the troubles have been extremely difficult for rental markets as well, with affordability and stability emerging as particular concerns. HUD's most recent Worst Case Needs' report found that the number of worst case needs households increased by 20% and now stand at over 7 million. In addition, rent levels are rising in some of the hardest hit markets, despite a flow of foreclosures that one would have thought would have an opposite effect. In some of our urban industrial Midwestern cities, the number of renters has actually increased even as the total population has declined.

These realities place a renewed focus on policy ideas whose goals are preservation of the affordable housing stock and reinvestment to improve the quality of that stock. The Administration has been advancing several policies in this vein, with a special focus on public housing and project-based Section 8 rental assistance. While much policy energy has been placed on the Housing Choice Voucher program, sometimes called tenant-based rental assistance, there is also a long record of accomplishment for project-based rental assistance in delivering stable, reliable, affordable, and effective rent support for low-income, elderly, and disabled Americans. These modes of assistance cannot be ignored.

There is a looming crisis in this stock, though. The needs are acute: there is an estimated \$25.6 billion capital repair backlog across the public housing portfolio. This contributes to the loss of over 15,000 publicly owned homes to demolition or disposition each year. Public housing is not the only inventory at risk. Equally critical are the parts of our privately owned and managed affordable housing stock that are facing the end of their contract terms, with either no option to renew-true for the Rent Supplement and Rental Assistance Payment (RAP) programs- or the inability to renew on terms needed to attract capital for reinvesting in their properties- true for the Moderate Rehabilitation program. Into this void enters the Rental Assistance Demonstration, or "RAD."

Authorized by the Congress last year, RAD seeks to build on a proven Section 8 multifamily platform that leverages limited public resources with private debt and equity to open up these capital sources for public housing and properties receiving project-based assistance. Targeting public housing authorities and owners of Rent Supplement, Rental Assistance Payment, and Moderate Rehabilitation properties, RAD features two conversion programs:

- One, whereby projects funded under public housing or the Moderate Rehabilitation program can convert to a project-based voucher or project-based rental assistance framework; and
- One, that allows owners of projects funded under the Rent Supplement, Rental Assistance Payment, and Moderate Rehabilitation programs, due to expire between October 2006 and October 2013, to convert their tenant protection vouchers in to project-based vouchers.

Ultimately, the goal of the RAD demonstration is to establish whether such conversions, by removing some uncertainty regarding the availability of future income streams, will attract debt and equity from private sources to address immediate and long-term capital needs. If so, it will represent an important new tool for preserving and improving these properties. Importantly, a RAD solution would also protect their affordability and insure public ownership or control through long-term, renewable contracts and coterminous Use Agreements. In this regard, it represents a continuation of HUD's long-standing commitment to its tenants.

In authorizing RAD, Congress also required that HUD assess and publish findings regarding the impact of the public housing conversions on: the preservation and improvement of the former public housing units, the amount of private capital leveraged as a result of such conversion, and the effect of such conversion on residents. PD&R is working closely with the RAD team to design this evaluation in order to have it ready for the demonstration's full roll-out, which is expected to be sometime in the late summer.

Preservation and increasing the quality of the affordable housing stock are issues that are critical for many of the nation's communities, and are becoming even more pressing concerns in places hard hit by the foreclosure crisis and the deep recession. While the information we have on these issues informed our work on RAD and other initiatives, there remains more that we need to learn and bear in mind."

Status of Fair Housing

The year 2010 marked a crucial milestone in the quest for fair housing. In addition to its long-standing duty to monitor specific instances of discrimination, HUD began to more proactively address the regulatory and structural frameworks that give rise to discriminatory practices.



In 2010, 10,155 housing discrimination complaints were filed with HUD and its Fair Housing Assistance Program (FHAP) partners- state and local government agencies designated by HUD to investigate Fair Housing Act complaints in their jurisdictions. This total is slightly lower than in 2009, when total complaints reached 10,242. Notably, 2010 also marks the fifth consecutive year that housing discrimination grievances exceeded 10,000.

As in previous years, the highest percentage of these complaints were filed based on disability (48%) followed by race (34%). Although the number of complaints based on disability and race used to be quite similar, the gap separating the two has widened every year since 2007. Complaints were also filed based on familial status (15%), national origin (12%), sex (11%), religion (3%), color (2%), and retaliation (7%). Of those complaints based on national origin, 7% were founded on housing discrimination against those with Hispanic or Latino backgrounds.

Most discrimination complaints (59%) arose from discriminatory terms, conditions, privileges, services, and facilities in the rental or sale of a property. That category might include a landlord who fixes a leak for a white tenant but not a black one, a landlord who demands a higher security deposit from a person in a wheelchair than from other tenants, or a building manager who will not lease or sell housing to a family with children.

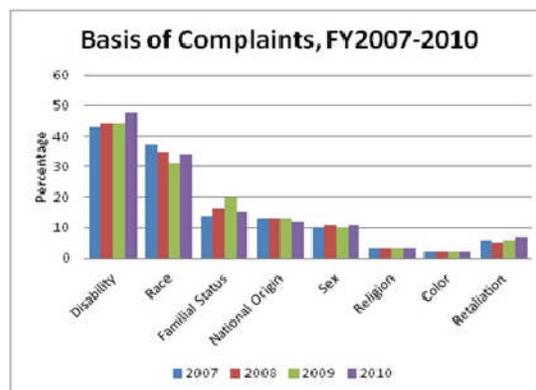
HUD proactively initiated revisions that clarify and specify how programs that receive community planning and development funds can more effectively use these grants to Affirmatively Further Fair Housing (AFFH). HUD has given AFFH regulation greater emphasis in applications to its competitive grant programs, and the Department expects that the revised regulations will help groups better assess and address local fair housing issues. HUD has also taken specific actions to better enforce fair housing initiatives already underway. For example, the City of Joliet, Illinois omitted mention of how the city would address discrimination

national origin in its Consolidated Plan. HUD ruled that without this planning element, the city could no longer receive Department funds. In response, Joliet embarked on a new plan that recognizes these potential impediments.

In 2010, HUD also launched fair housing initiatives in response to recent political and economic events.

- Subprime loans and fraudulent mortgage modifications.
- Housing and undocumented immigrants.
- Investigations into mortgage lenders that refused to make loans to expectant mothers or women on maternity leave.
- The first-ever nationwide study of rental housing discrimination among members of the lesbian, gay, bisexual, and transgender community.

The following chart, illustrating the basis of complaints, from 2007-2010, can be found in the "Live Free, Annual Report on Fair Housing, FY2010."



The report can be read in its entirety at:

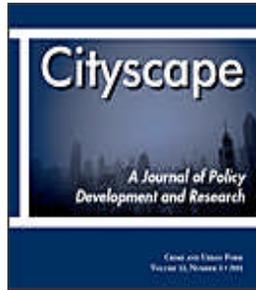
<http://portal.hud.gov/hudportal/documents/huddoc?id=ANNUALREPORT2010.PDF>

SMART Funding

Five projects of The York Area Housing Group- Cloverfield-Kingston House, Delphia House, Green Meadow and Dutch Kitchen- received Smart Rehab weatherization funds from the Pennsylvania Housing Finance Agency (PHFA). Repairs that were made at the various sites included new boilers, thermostats, aerators, new refrigerators, insulation, etc. The total funds invested were approximately \$620,000. This included PHFA grant funds and owner contributions/matching funds.

Cityscape

The first issue of HUD's *Cityscape* in 2012 features a symposium of articles from the 2011 American Housing Survey (AHS) Users Conference.



Denise W. Hoffman and Gina A. Livermore compare housing differences by disability status using the new, standardized questions on disability introduced in the 2009 AHS. Lauren M. Ross, Anne B. Shlay, and Mario G. Picon explore housing and neighborhood satisfaction levels between Housing Choice Voucher program and public housing participants and unassisted renters. Brent D. Mast also explores HUD program participants' self-reported housing and neighborhood satisfaction, and introduces an economic model to improve the reliability of quality comparisons. Sung-jin Lee, Kathleen R. Parrott, and Mira Ahn examine housing conditions of low-income minority householders in the South. Also exploring housing conditions, Paul Emrath and Heather Taylor re-examine the AHS housing adequacy indicators; finding little correlation with housing values and rents, they propose a new method for determining physical inadequacy. Samuel Dastrup, Simon McDonnell, and Vincent Reina investigate energy use for housing program participants. George R. Carter III uses 1997–2009 AHS data to calculate trends in negative equity, nationally and for individual housing units, including the persistence of negative equity over time and the extent to which home sales could be considered distressed. To complement the symposium, two Australian authors- Andrew Beer and Debbie Faulkner- provide an international perspective on housing issues and data.

This issue of *Cityscape* introduces a new section, "Point of Contention," which presents different expert viewpoints on narrow technical issues that can nevertheless generate significant disagreement. The issue features short analytical works, including "Public Housing Transformation and Resident Relocation: Comparing Destinations and Household Characteristics in Chicago," by Robert J. Chaskin, Mark L. Joseph, Sara Voelker, and Amy Dworsky; "The Importance of Using Layered Data to Analyze Housing: The Case of the Subsidized Housing Information Project," by Vincent Reina and Michael Williams; and "Using American Community Survey Data for Formula Grant Allocations," an impact analysis by Paul Joice.

These articles can be accessed at the following website:

<http://www.huduser.org/portal/periodicals/cityscape.html>

Lead-Based Paint Settlement

In April, HUD, partnering with EPA and DOJ, reached a major settlement with Wilmette Realty of Chicago. Wilmette owns a large residential portfolio in Chicago, including many buildings built before 1978, the year lead paint was banned from use in housing. Several children in these buildings had blood lead levels high enough to cause permanent damage. While the Chicago Department of Public Health could make Wilmette repair any unit that had already poisoned a child, they lacked the authority to make Wilmette fix units that were at risk of harming children in the future.

Based on the number of children harmed by Wilmette's properties, and on information from its Chicago partner about past actions, HUD's Office of Healthy Homes' Lead Programs Enforcement Division launched an investigation into Wilmette's compliance with the Lead Disclosure Rule. This rule requires landlords to disclose any knowledge of lead based paint in their pre-1978 units before tenants are obligated under the lease. Although Wilmette had made some disclosures, others had not been made, and some were inconsistent with the Lead Disclosure Law. These failures meant HUD had the authority to fine Wilmette millions of dollars.

Healthy Homes negotiated a settlement that requires Wilmette to repair or replace lead-painted windows and repair porches in 14 of their buildings. All this work will be done in a lead-safe manner by lead-certified firms and workers, and the work will have to pass third-party "clearance" before the families will be allowed back into the work areas. The settlement will make 463 units safer for Chicago's children.

This case marks a major turning point for HUD's lead enforcement activities. This is the largest settlement HUD has received from a landlord that was complying with some, but not all of the Lead Disclosure Rule. There are an estimated 23.7 million housing units across America that contain deteriorated lead based paint capable of poisoning children. Until those hazards are eliminated, landlords need to provide tenants with all the information they need to protect themselves. This case sends a clear message that partial compliance isn't good enough.

TPA and Refinancing of M2M Loans

Housing Notice H 2012-10, "Guides for Assumption, Subordination, or Assignment of Mark-to-Market (M2M) Loans in Transfer of Assets (TPA) and Refinance Transactions," was issued on May 9, 2012. See: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

How to Choose a Central Air Unit

Today's central air units, with a minimum 13 SEER, are 30% more efficient than the previous minimum of 10 SEER.



In choosing a new central air unit, the following features should be considered:

- A thermal expansion valve and a high temperature rating greater than 11.6 for high-efficiency operation when the weather is hottest.
- A variable speed air handler for new ventilation systems.
- A unit that operates quietly.
- A fan-only switch for night time ventilation.
- A filter check light.
- An automatic-delay fan switch to turn off the fan a few minutes after the compressor turns off.
- A programmable thermostat.

Also, you should insure that the technician is NATE-certified and the unit is properly sized using the ACCA/ANSI Manual J calculation tool.

Parking Lot Drainage



Damage to parking lots, caused by poor drainage of the pavement surface, sub-base, or sub-grade, can be prevented by the installation of an underground drainage system at a cost of \$30-45 per linear foot.

A typical system would consist of a perforated pipe placed 24" underground in a fabric-lined trench and backfilled with stone. This allows the water to be carried away from the pavement into catch basins, storm pipes, retention ponds, or ditches.

Loan Closings

The following loans closed in April :

Insured- PA: Brightwood Plaza; NJ: Cityside Apartments I & II; and WV: Smith Towers; Section 202- NJ: Benedict's Plaza; and Section 811- NJ: Allies Homes 2.



Section 811 Demonstration Program

HUD has published a Notice of Funding Availability (NOFA) for the Section 811 Project Rental Assistance Demonstration Program (PRA Demo). This program will provide \$85 million in funding to State housing agencies, or other appropriate housing agencies, to provide long term project-based rental assistance contracts for approximately 2,800 affordable housing units set aside for extremely low-income persons with disabilities.



Authorized by the Frank Melville Supportive Housing Investment Act of 2010, the 811 PRA Demo will award rental assistance funds to state housing agencies (or other appropriate entities) that have formed partnerships with state Medicaid and health and human services agencies that have developed methods for identifying, referring, and conducting outreach to a target population of extremely low-income persons with disabilities requiring long term services and supports. These operating funds will be used to set aside supportive units for this target population in affordable housing complexes whose capital costs are funded through Low-Income Housing Tax Credits, HOME funds, or other sources.

Approximately 8-16 states will receive awards under this demonstration program, with funding expected in the fall 2012. The deadline to apply for funds under this NOFA is July 31, 2012. For more information go to:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail/nofa12/sec811PRAdemo

Sustaining Our Investments

HUD's Asset Management staff will be receiving training as part of HUD's national "Sustaining Our Investments Initiative."



The intensive training started in the Philadelphia Hub on June 6, 2012 and will last 6 weeks.

It is recognized that HUD's multifamily portfolio has significantly changed, over the past three years and is no longer predominately subsidized housing. Now, it is more than 50% market rate apartments.

The vision is to streamline processes in Asset Management, taking HUD's book of business into consideration.

Facility Dog

The following article was submitted by Karen Simon, Executive Director of Westfield Senior Citizen Housing I & II, Westfield, NJ.

For those elders who have had a pet in younger years, a facility dog provides the affection and companionship, without the responsibilities, they once enjoyed. For those who have never owned a pet, the facility dog brings the same benefits and, most likely, a new sense of happiness and trust.



At Westfield Senior Citizen Housing our dog, MacLeod, was bred and trained by Canine Companions for Independence (CCI). All CCI dogs must master the intense and focused training process before they are eligible for placement. Their physical, mental and emotional steadiness make them a wonderful complement in any setting. CCI dogs are trustworthy in professional environments and can perform over 40 commands designed to motivate and inspire those they serve. Facilitators are working professionals responsible for handling and caring for the facility dog.

At Westfield Senior Citizen Housing, Sharon Greenbaum, a Recreation Director, is MacLeod's partner. A well-mannered, and highly trained facility dog encourages feelings of calm and security. Sharon and MacLeod continue to achieve the highest level of performance at ADI licensing exams, which allow them to accompany residents to all public places.

As a service dog, MacLeod can perform several tasks, such as opening an electronic door, carrying a package and retrieving fallen items. He is comfortable around any type of assistive device. Calm, gentle and loving, MacLeod visits residents who may be hospitalized, in a rehabilitation setting or receiving hospice care. Several of our residents are members of "MacLeod's Team." They are prepared to walk MacLeod, using proper commands and leash techniques. MacLeod attends all of our community's classes and events. His love and loyalty encourage those who are struggling with difficult times. MacLeod's presence is rewarded by the smiles and affection of the population he serves.

Residents receiving rehabilitation services can take advantage of the encouragement of a facility dog. For example, MacLeod has stood patiently at the opposite end of parallel bars as the patient advances towards him.

Over the years, MacLeod has been a quiet presence to residents in the dying process. He supports those family and friends in attendance at this process. MacLeod has been an invited guest to funerals and memorial services.

The addition of a licensed CCI dog requires the support of your Administration and Board members. Once an application has been accepted, there is normally a waiting period before the facilitator attends a two-week intensive training period at a CCI training center. After graduation, CCI provides ongoing support and follow-up services.

Before MacLeod was introduced to our population, all of our residents received an orientation about facility dogs. They were prepared to understand he and his facilitator work as a team. In May 2012, our entire community will celebrate MacLeod's fifth anniversary with us.

For further information, please contact:

sharon.greenbaum@westfieldseniorhousing.com or visit the cci.org website.

Painting & Surface Preparation

Many exterior painting problems can be avoided by insuring that a surface to be painted has been properly analyzed, prepared, tested, and repaired (if necessary) before hand. Also, the paint used must be compatible with the substrate.



It should be remembered that remedial action is much more expensive and time-consuming than using proper painting techniques from the start. For example, when painting over several coats of old paint, delamination (i.e., peeling) can occur. This is due to the added weight and stress of a new coat of paint over previously painted surfaces. When this happens, all of the paint must be scraped off and the surface properly primed and/or sealed.

The bottom line is that it is often wise to seek the advice of a painting specialist or consultant who can offer step-by-step guidance to perform the job.

Charter House Turnaround

The following success story was submitted by Beverly A. Slie, of Millennia Housing Management regarding Charter House, a 72-unit Section 223 (a)(7) project, located in Wayne, WV.



Over the past several years, Millennia has been purchasing Section 8 properties and completing substantial rehabilitations with tax credits and Mark- to-Market restructuring. Charter House serves very low income seniors and persons with disabilities. This property has had a history of drug activity and average physical condition. After this project was acquired by Millennia, it became one of the first properties in the country to complete the Green Mark- to-Market mortgage restructuring program, along with additional funds through tax credits. A recent inspection by HUD staff revealed the project to be in exceptional condition.

In addition to improving the project's physical condition, Millennia has made a tremendous effort to engage the residents.

Here is Ms. Slie's account of a great evening spent by the residents of Charter House.

"Last night I got to partake in an evening of corn hole, horseshoes, and skee ball tournaments along with pizza for dinner with the residents of Charter House. Also there was the manager Bobbie; the mayor, Dwayne Stiltner and his wife Traci; and the new off-duty officer that will be working at Charter House, Harry Sowards and his wife Jacqueline. It was a joy to see the residents get out of their apartments and enjoy the items that CAHEC graciously provided to the residents. The site has started a weekly tournament for the residents and they talk non-stop about it and have a great time. At the end of March, they gave trophies to the top three residents that won the skee ball tournament.

It is great to see the mayor and his wife along with the local police department get involved with the residents and help them with the activities. They are also helping us get the senior recognition program from CAHEC off the ground for the Charter House residents for the upcoming year. This involvement, along with the aggressive approach we are taking with the drug prevention/reduction at the community, has helped us in the past couple months and will continue to help us in the future.

I wanted to take a few minutes to show appreciation to

the Bobbie, Mayor Dwayne Stiltner and Traci Stiltner for all of their hard work in the past months at the community and for going above and beyond for the residents at Charter House.

Evenings like this is make all of the hard work we put into Affordable Housing worth its weight in gold!"

U.S. Market Report

HUD recently released the 1st Quarter report of U.S. Housing Market Conditions for 2012. 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 March 2012 are as follows:

- Multifamily building activity, as measured by the number of units permitted, increased 34% (2,950 units) in PA, 18% in NJ (7,200 units), 300% (290 units) in WV, and 34% (460 units) in DE.
- Vacancy rates decreased from 5.3% to 4.7% in the Philadelphia Metro. area, and from 3.6% to 2.0% in Center City Philadelphia (Class 1).
- Vacancy rates decreased from 4.7% to 4.0% in Northern NJ, and from 3.7% to 3.0% in Central NJ.
- Avg. monthly rents increased by 1% to \$1,625 in the Philadelphia Metro. area, and remained unchanged at \$2,150 in Center City Philadelphia.
- Avg. mo. rents increased by 2% to \$1,550 in Northern New Jersey, and by 2% to \$1,180 in Central New Jersey.
- Concessions decreased from 2.8% to 1.9% in Center City Philadelphia.

To read the entire report, see:

<http://www.huduser.org/portal/periodicals/ushmc/spring12/index.html>

Brag about Your Project!

If you have something to share about your project and would like it to be published, send an e-mail with a Word attachment to: thomas.langston@hud.gov