HUD’s 2013 Budget

The following are some remarks made by Secretary Donovan regarding the publication of HUD’s FY 13 budget.

“While it makes critical investments to speed economic growth—from Choice Neighborhoods to restoring Sustainable Communities planning grant funding—it also includes new savings proposals and some very difficult choices we would not have made otherwise.

The Administration’s overall budget outlines the President’s vision of an economy that is built to last. For HUD, this means:

- Giving Hard-Working, Responsible Americans a Fair Shot.
- Ensuring Everybody Plays By the Same Rules.
- Creating New Jobs Here in America to Discourage Outsourcing and Encourage In-sourcing.
- Reforming the Federal Government So It Is Leaner, Smarter, and More Transparent.

The difficult choices that had to be made included reforms to HUD’s rental assistance programs that save more than $500 million in 2013 without reducing the number of families served. For example, the Budget aligns policy across rental assistance programs and reduces costs by increasing the minimum rent to $75 per month for all HUD-assisted households. The Budget also provides $640 million less for Project-based Rental Assistance than last year by reducing upfront funding on some contracts. Similarly, funding for new grants provided in the Supportive Housing Programs for the Elderly and Disabled, as well as HOME Investment Partnerships, remain lower than historical levels. These choices do not reflect the quality and efficacy of the programs, but rather the fiscal reality the Department faces, in which more than 80 cents out of every dollar of the FY 2013 Budget is required merely to continue assistance for those who already receive it.

This Budget also directly addressed the challenges facing the lowest-income Americans. First, it maintains our commitment to serving over 4.5 million families—more than 50% of whom are elderly or disabled—our core Tenant-Based (19 billion) and Project-Based ($8.7 billion) Rental Assistance and Public Housing ($6.6 billion) programs, while continuing signature Administration efforts, such as Choice Neighborhoods, which provides communities with the innovative tools they need to revitalize neighborhoods of concentrated poverty.

Second, the Budget once again calls for funding of the National Housing Trust Fund at $1 billion. Created in 2008, the Trust Fund is designed to provide capital resources to build and rehabilitate housing to fill the growing gap at the most affordable end of the Nation’s rental housing market.”

The following is a comparison of the individual funding levels (in millions), by program, from FY 12 to FY 13:

- Section 8 Contract Renewals-$9,051 to $8,440 (down $611).
- Contract Admin.- $289 to $260 (down $29).
(Section 202 Expansion- $8 to $0 (down $8).
Section 202 PRAC Renewals/Amend.- $259 to $285 (up $26).
Service Coordinators- $81 to $90 (up $9).
Assisted Living Conversions- $11 to $0 (down $11).
Senior Preservation Rental asst.- $16 to $0 (down $16).
State Housing Section 202 PRAD- $0 to $100 (up $100).
Section 811 PRAC Renewals/Amend.- $20 to $96 (up $76).
Section 811 PRAD- $145 to $54 (down $91).
Rent Supp/RAP Amend.- $1 to $0 (down $1).
Green Retrofit- $5 to $0 (down $0).

Agency Financial Report- FY 11

HUD’s Agency Financial Report (AFR) is now available for viewing. The AFR provides financial and summary performance information to the President, the Congress, and the American people.

The report allows readers to assess HUD’s performance relative to its mission, priority goals and objectives, and stewardship of public resources.

In presenting the report, Secretary Donovan stated the following:

“This report is an alternative to the Performance and Accountability Report, in accordance with OMB Circular A-136, Financial Reporting Requirements. It describes HUD’s financial results for the fiscal year and performance results as of the 3rd quarter. During FY 2011, we continued the fight to restore financial stability and economic opportunity, focusing on helping families and neighborhoods recover from the economic crisis, while pursuing innovative ways to ensure that every family and community can be a part of winning the future.

In HUD’s Strategic Plan for FY 2010-2015, our mission to create strong, sustainable, inclusive communities and quality, affordable homes for all, is reflected in our five strategic goals, as explained later in this report. Beginning in FY 2010, we identified and designated four Priority Goals that are essential to achieving this mission. These are generally 2-year goals, and our results through June 30, 2011 include:

- Assisting over 2.4 million homeowners at risk of losing their homes due to foreclosure.
- Serving 5.38 million families to meet the growing need for affordable rental homes.
- Reducing the number of homeless veterans by almost 20,000 with our partners at the Department of Veterans Affairs.
- Completing the cost-effective energy and green retrofits of more than 145,000 public, assisted, and other HUD-supported affordable homes.

We continue to demonstrate an enhanced commitment to being good stewards of taxpayer dollars, recognizing that through a catalytic approach and a small investment, the Federal Government can partner with communities to create real results. And to hold ourselves accountable for producing these results, I hold monthly meetings on HUD’s Priority Goals to track progress and anticipate hurdles. As such, I can provide reasonable assurance that the performance data in this report is reliable and complete.

When choosing a home, citizens are not only choosing a physical structure, but also choosing communities and making choices within those communities... Ultimately, with the support of Congress, our partner agencies, and stakeholders in communities across the country, HUD is transforming the way it does business...and to create strong, sustainable, inclusive communities.” The report is available at:


Renter’s Insurance

Tenants may not think they need insurance at all. Their landlord already has insurance on the building, right? But they may not realize that their landlord’s policy doesn’t cover any of their personal property such as clothing, furniture, televisions, computers, iPods, musical or sporting equipment, and jewelry. Without renters insurance, tenants have no coverage for personal property loss or damage.

What would happen if: Their apartment building burned down? A thief broke into their unit? A guest slipped and injured himself in their kitchen? The unit suffered water damage?

Renter’s insurance is less expensive than many people realize. A basic policy costs about $300 a year for $50,000 worth of property protection. To help renters calculate how much coverage they need, the Insurance Information Institute offers a home inventory tool at: www.knowyourstuff.org.
Physical Inspection Scores

HUD’s Real Estate Assessment Center (REAC) conducts physical property inspections of properties that are owned, insured or subsidized by HUD, including public housing and multifamily assisted housing. About 20,000 such inspections are conducted each year to ensure that assisted families have housing that is decent, safe, sanitary and in good repair.

The scores of all projects inspected by REAC, for the period 2001-September 2009, are now available for download as a comma-delimited dataset. Separate datasets are available for public housing and for multifamily assisted properties. The dataset includes property identifiers and location information.

Making these inspection details available will enable researchers, advocacy groups and the general public to:

- Better understand the physical condition of the HUD-assisted housing stock, as well as changes in the stock over time.
- Hold providers accountable for housing quality.
- Plan for future affordable housing needs.

The dataset can be downloaded at:

http://www.huduser.org/portal/datasets/pis.html

Insurance Coverage

Industry statistics reveal that the top three causes of property and physical damage are: electrical fires, plumbing leaks, and envelope leaks. Also, the top four causes of general liability claims (i.e., slips and falls) are: water on floors, ice on sidewalks, uneven or cracked sidewalks, and parking lot potholes.

This reinforces the need to have a comprehensive insurance policy. A good policy should have the following seven types of coverages:

- Property (fire and weather-related damage).
- General liability (personal injury and accidents).
- Business interruption (protects income).
- Equipment & vehicles (accidents).
- Catastrophic (large-scale disasters).
- Environmental liability (mold, asbestos, lead, etc.).
- Green (green infrastructure & equipment).

New Director

Gary O. Possage has been selected as the new Director of the Pittsburgh Program Center.

Gary started his career with HUD thirty-four years ago as an Urban Intern and has held the positions of Regional Economist, Multifamily Housing Representative, Chief Housing Production Branch, Supervisory Project Manager, and Senior Project Manager.

He brings a wealth of housing experience to this position and we are excited about his new role at HUD.

Mental Health First Aid Training

Mayor Michael Nutter, through the Philadelphia Dept. of Behavioral Health and Intellectual Disability Services, is offering a free city-wide program, Mental Health First Aid in Philadelphia (MHFA), to train municipal employees/public safety employees and city residents in mental health first aid.

MSHA is a ground-breaking, early intervention education program that teaches community members how to assist a person experiencing a behavioral health issue. The goal of the program is to teach people how to recognize and respond to an individual experiencing a mental health crisis.

This program would be very beneficial to anyone dealing with the public, especially the elderly and economically vulnerable (e.g., service coordinators, managers of Section 811 and 202 projects, etc.).

Courses for the general public, will be held on the following dates: March 26-30 and May 7-11, 2012.

New Demonstration Program

For information about the new Rental Assistance Demonstration Program (RAD). See:

On December 15, 2011, a new lead-based paint law went into effect for all pre-1978 rental properties in the City of Philadelphia (with the exception of dwelling units in which children aged 6 and under do not and will not reside during the lease term, or private units leased under the Housing Choice Voucher Program).

The following are some key provisions of the stringent law:

- Philadelphia’s definition of “Lead Free” goes well beyond the federal requirement to obtain Lead-Based Paint free, because by law, the bill now incorporates Dust Lead Hazards and Soil Lead Hazards into its definition.
- Owner must test property for Lead-Based Paint and create a Lead Risk Management Program.
- Owner can hire his or her own certified inspectors/risk assessors from a private company.
- By way of written notification, upon entering a lease agreement, the tenants are officially put on notice that during the term of their lease, they are responsible to periodically perform a visual inspection of all painted surfaces and should inform the lessor of any noticed deteriorated paint conditions, before a child gets poisoned.
- The Philadelphia lead law includes the age group of 6 years of age.
- As per the law, “No lessor shall enter into a new lease to rent Targeted Housing” unless, 1) a valid certification prepared by a certified lead inspector stating the property is either “Lead Free” or “Lead Safe” is supplied, and 2) Lessee acknowledges receipt of the certification by signing a copy.
- Regulated units must be either tested for lead-based paint and certified “Lead Free” or “Lead Safe”.
- Owner must provide the lessee with a copy of Valid Certification that property is either “Lead Free” or “Lead Safe” and get the tenant to sign the copy.
- Owner must provide a copy of the signed certification to Philadelphia Dept. of Health.
- Owner must provide the tenant with written notification advising him/her to perform on-going visual inspections for paint condition.
- Owner must provide the tenant with a multi-lingual form provided by Philadelphia Dept of Public Health, which includes a lead warning statement and a Lead Hazard Pamphlet prescribed by Philadelphia Dept. of Public Health.
- Upon lease renewal, the lessee shall have the right to have a lead inspection or risk assessment performed. Upon completion, and depending on the findings, the lessee can provide a 10-day notification to the Lessor of the Lessee’s intention to terminate the lease.
- The penalties, damages, loss of rental income and other enforcement actions that can be enforced if the property owner is not properly complying can be very costly (e.g., double the cost of a comprehensive residential lead inspection, attorney fees and costs, costs to enforce the terms of this law, damages caused by failure to provide certification, exemplary damages of up to $2,000 per offense, and abatement and refund of rent for any period in which the lessee occupies the property without a certification being provided).

Lead-Based Paint Settlement

In a consent agreement with the EPA, Wyomissing Park Apartments has agreed to pay a $26,880 penalty for failing to provide required information about lead-based paint hazards in 13 residential leases between 2007 and 2009. These leases involves properties on Ridge Avenue and Pershing Boulevard in Reading.

The company was cited under the Residential Lead-Based Paint Hazard Reduction Act of 1992. Under this law, sellers and landlords of residential housing built before the 1978 federal ban on lead-based paint must provide homebuyers and tenants with warning statements about lead-based paint hazards. The law also requires home sellers and landlords to disclose known lead-based paint hazards to homebuyers and tenants (or to disclose their lack of knowledge of such hazards).

As part of the settlement, Wyomissing Park Apartments did not admit liability for the alleged violations, but has certified that it is now in compliance with applicable regulations on lead-based paint hazards, and has presented evidence of compliance with the requirements of the Reduction Act. EPA is working with other federal, state, and local agencies to protect tenants and homeowners from the health risks of lead-based paint. High blood levels of lead can cause permanent damage to the nervous system and widespread health problems, such as a reduced intelligence and attention span, hearing loss, stunted growth, reading and learning problems and behavioral difficulties. Young children, in particular, are most vulnerable because their nervous systems are still developing.
Call to Action

Mayor Dana Redd wants legitimate community groups to help the City of Camden (NJ) rebuild by addressing public safety, housing, education, and other quality of life issues throughout the town’s 21 neighborhoods.

The mayor recently met with about 50 grass-roots leaders invited to City Council chambers to initiate a collaboration meant to give citizens a place at the table and a say in planning the city’s future. The administration also announced plans to try and limit the number of rentals, boarding homes, group homes and social services in the city. In a related move, Mayor Redd also announced seven meetings focused exclusively on public safety, especially the proposal to form a metro police force, which would blend suburban officers with a reconstituted city department.

Mayor Redd said the starting point for her administration is to streamline, cut red tape and bureaucracy, and issue a “call to action where everyone can participate.” To that end, Mayor Redd’s administration has formed a Congress of Community and Resident-based Organizations to tackle various quality of life issues. She told the invited participants she’d like to see increased home ownership and safer neighborhoods as a result. The city plans to have three representatives from each of Camden’s neighborhoods represented in the group.

Camden’s planning partner, Cooper’s Ferry Development, will oversee organizing the group, which will then select its own leadership and set its own goals, said Mayor Redd.

Ed Williams, Director of Planning and Development stated that the city wants developers to hear from residents before going forward with plans to stabilize or rebuild neighborhoods in accordance with the city’s master plan. The new group should assure that happens. He also said owner-occupied homes account for fewer than half of the city’s 30,000 housing units and said rentals are “at the saturation point” in four or five city neighborhoods. He further stated that Mayor Redd has decided to “veto any proposal” that hinders overall development of the city.

Williams also cited problems assuring that Section 8 rental housing is adequately maintained. He remarked that the city cannot continue to be the host community for every social service agency in the county. Rentals, boarding homes, group homes, and social services will be limited by Mayor Redd, who can exercise a veto over some proposals.

Federal Agencies Save Energy

Federal agencies are doing their part to save energy. In fact, they are on track to meet requirements of the 2005 Energy Policy Act to install more modern electricity meters in almost all of their facilities by October 2012.

While traditional meters, usually read quarterly, give a single indicator of electricity usage over a 3-month period, new meters provide data in 30-minute increments, such as times of peak and lowest use. This will allow building managers to see what offices—even multiple offices within one building—use more or less energy and identify potential areas of conservation. So far, agencies are reporting a 2.5% savings in energy savings.

The law also requires agencies to install meters for other utilities such as water or steam, by the end of 2016.

Light Bulb Energy Savings

The first phase of the Energy Independence and Security Act’s ban on incandescent light bulbs began in January 2012. Did you know, however, that although replacement CFL and LED light bulbs are much more expensive than traditional incandescent bulbs, they are cheaper in the long run?

Just compare these costs:

**Incandescent**
- Initial Purchase Cost: $.50
- Life: 1 Year
- Six Year Energy Cost: $72.30

**CFL**
- Initial Purchase Cost: $3.00
- Life: 6 Years
- Six Year Energy Cost: $16.62

**LED**
- Initial Purchase Cost: $20-$40.00
- Life: 125-30 Years
- Six Year Energy Cost: $5.00
U.S. Market Report

HUD recently released the 3rd 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, historical trends, and a profile on the York/Hanover, PA area.

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 7% in NJ (6,150 units), 19% (175 units) in WV, and 21% (450 units) in DE. Activity, however, declined in PA by 17% (92,120 units).
- Vacancy rates decreased from 4.6% to 2.6% in the Philadelphia suburbs and from 4.0% to 2.3% in Center City Philadelphia.
- Vacancy rates decreased from 4.8% to 4.3% in Northern NJ, and from 4.1% to 3.4% in Central NJ.
- Avg. monthly rents increased 4% to $2,160 in Philadelphia.
- Avg. mo. rents increased 3%, to $1,600, in the Philadelphia suburbs.
- Apt. rents increased more than 2%, to $1,530 in Northern NJ, and nearly 2%, to $1,175, in Central NJ.

In regard to the York/Hanover area, the rental housing market was slightly soft with an estimated vacancy rate of 7.1%, unchanged from the rate reported in the 2010 Census. Average rents are estimated to be $700 for a 1BR unit, $800 for a 2BR unit, and $1,050 for a 3BR unit.

To read the entire report, see:

www.huduser.org/portal/periodicals/ushmc/fall11/USHMC_3q11_regional.pdf

OAHP Processing

The processing responsibility for Section 223(a)(7) transactions has been temporarily transferred to the Office of Affordable Housing Preservation (OAHP). Contact your local Program Center for details.

Bed Bugs- Steam vs. Cryonite?

Currently, there is no effective chemical that is being manufactured for pest control companies to kill the egg stage of the bed bug. That means if your bed bug program does not include either steam or cryonite (a freezing method) you may be wasting your money, as the remaining bed bug eggs are sure to hatch and re-infest your building.

Pest Control Companies with the greatest track record of success, utilize steam treatments or a cryonite treatment to complement their chemical treatments. Moreover, in the past few years, there has been a distinct division between companies that use steam versus those that use cryonite.

Either method, when generating a direct contact hit against the bed bug, will kill all stages of the insect including the egg stage. However, it has been shown that cryonite is not nearly as effective as steam. A recent study has shown that placing a live bed bug under a sheet of ordinary copy paper and spraying the paper with cryonite will not kill the bed bug.

However, doing the same experiment with steam, shows different results. The bed bug cannot survive a steam treatment even without having a direct hit.

Food Stamp Demand Rises

The national unemployment rate of 8.3% has resulted in an increased demand and waiting time for food stamps. This has been supported by changes to state and federal eligibility requirements that increased qualifying individuals from 130% of the federal poverty level to 185%, with relaxed allowable assets.

For example, in four counties of Southern New Jersey, there was a significant increase in households receiving food stamp benefits from Oct. 2010 to October 2011, as evidenced by the following: Camden County- 21.2%, Burlington County- 27.3%, Gloucester County- 19.5%, and Cumberland County- 14.5%.

Loan Closings

The following FHA-insured loan closed in February: PA- Jeanette Gardens.
Job Accessibility & Transportation

A recent report by the Brookings Institution examined economic and transportation opportunities available to households that lack a personal vehicle compared with households with cars. The basis for the analysis is ACS data from the 100 largest metropolitan areas, which records more than seven million zero-car households in the metropolitan areas.

The report also shows the pivotal role that public transit can play in connecting people with jobs. By using mass transit, zero-car households can reach more than 40.6 percent of jobs in their metro areas within an hour and half. In that same length of time, the typical household with a personal vehicle can only reach 28.6 percent of jobs in its metro area.

Suburban zero-vehicle households have the least access to public transit. Only 58 percent of suburban vehicle-less households in these large metro areas live near transit, in contrast to 99.2 percent of their city household counterparts. This group also has a lower rate for accessing jobs within 90 minutes (25.8%) than city-dwellers without a car (47.4%). It was found that one reason that most car-free households live in cities is the difficulty accessing jobs that zero-car suburban households face.

The report concluded that public policies that provide transit options for low-income households without private vehicles are critical. Although car ownership increases work hours and wages, providing more transportation options for all households is also important. No one benefits when they can’t get to all job opportunities available to them. Similarly, no one benefits when they can’t get there regularly during the hours they want to work.

To read the entire report, see:

www.huduser.org/portal/pdredge/pdr_edge_research_011312.html

Warm or Cool Bulbs?

Four of today’s commonly purchased incandescent bulbs (i.e., 100-watt, 75-watt, 60-watt and 40-watt) have been targeted for replacement by more energy-efficient ones. They are in the crosshairs because much of the power they consume is released as heat, not light.

As of Jan. 1, 2012, a bulb that puts out the same amount of light as yesterday’s 100-watt bulb is required to draw only 72 watts of power. In January 2013 and January 2014, similar new standards will go into effect for the other three light wattages.

A new phrase to watch for is “halogen incandescent.” These are the light-bulb makers’ answer to the new standards. Halogen bulbs, like regular incandescent bulbs, use a tungsten filament encased in a halogen gas-filled capsule, so the light quality and color are intended to be similar. These new bulbs are about 25 percent more energy-efficient than standard bulbs.

Compact fluorescent bulbs, however, are 75 percent more efficient, last 6 times longer and, while they’re more expensive, can pay for themselves in nine months. And while some CFLs still take a while to reach full brightness after you turn them on, the technology is improving. It’s possible to find instant-on and dimmable models that don’t bathe your living room in a glow reminiscent of the office bathroom.

To help consumers choose the proper bulbs, the Federal Trade Commission has started requiring light-bulb makers to adorn packages with a new “Lighting Facts” label that lists brightness in lumens—a measure of the amount of light a bulb produces. The package label also specifies how “warm” or “cool” the bulb’s light will be. Many consumers have only a vague idea what these terms mean. The Department of Energy has a useful chart online that can help you determine whether the bulb you really like is “warm” or “cool.”

The chart can be viewed at the following web site:

www.energysavers.gov/your_home/lighting_daylighting/index.cfm/mytopic=12030

Top 10 Lenders

The top ten lenders for multifamily FHA-insured loans for FY 11 were: Berkadia Commercial (124), Oppenheimer (107), Wells Fargo (104), P/R Mortgage & Investment (92), Red Mortgage Capital (85), Greystone Servicing (67), Love Funding (55), Prudential Huntoon Paige (48), CW Capital (38), and Dougherty Mortgage.