Pennsylvania, New Jersey, Delaware, & West Virginia

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS

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Community Foundation Awards

HUD, in partnership with the Council on Foundations' Public-Philanthropic Partnership Initiative, announces the inaugural annual Secretary's Award for Community Foundations as part of the Council's annual Fall Conference for Community Foundations.

The purpose of the award is to recognize excellence in public-philanthropic partnerships that have both transformed the relationship between the government and foundation sectors, and led to measurable benefits in terms of increased economic employment, health, safety, education, sustainability, inclusivity and cultural opportunities, and/or housing access for low and moderate-income families.

This year, HUD will be presenting awards to ten community foundations that have demonstrated creative ways to leverage government funds and overcome significant regulatory barriers. In making these awards, HUD recognizes that community foundations are a valuable repository of local wealth and have in-depth knowledge of community challenges and opportunities, making them well suited to provide leadership on housing and neighborhood development while guiding donors toward investments that will have impact.

The awardees have worked on a variety of issues, such as health and recreation, transportation, urban farms, housing and neighborhood improvements.

It is HUD's hope that by making the Secretary's Award for Community Foundations an annual competition and event, it can publicly recognize these amazing projects and partnerships. This will create a platform for organizations to share their experiences, best practices, and resources with each other, while encouraging the development of more partnerships between government entities and foundations.

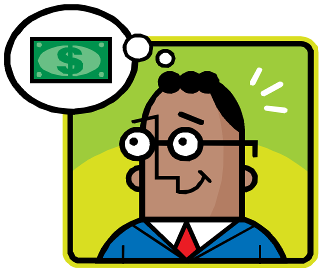
$3 Million HUD Energy Innovation Grant

HUD has awarded Columbus Property Management (CPM) $3 million HUD Energy Innovation Grant that will bring energy efficiency to affordable housing residents in North, West, South and Northeast Philadelphia. This grant is one of the two largest made across the country.

This Energy Innovation Project will:

- Preserve affordable housing for 166 of Philadelphia's most vulnerable households.
- Cut energy consumption and utility costs in multifamily affordable housing by 20%.
- Test whether real-time feedback on household energy consumption will help special needs residents lower their energy usage.
- Test a new model for financing a large-scale rehabilitation project that can be replicated nationally.
- Support CPM's work to preserve affordability through the application of energy innovations designed to reduce energy consumption.

Long Term Affordability of LIHTC Projects



Affordable housing properties developed using Low-Income Housing Tax Credits (LIHTC) make up a significant portion of newly constructed multi-family rental housing. LIHTC units are required by federal regulations to be affordable for only 15 to 30 years. Recent research analyzes prospects for LIHTC properties to remain affordable after their affordability restrictions expire.

Launched in 1986, the Low-Income Housing Tax Credit (LIHTC) program uses tax credits to encourage private developers to create affordable housing. Typically, developers sell these tax credits to investors to raise equity for their construction or rehabilitation projects. This allows them to borrow less than they would have otherwise and to charge lower rents as a result. Developers qualify for LIHTCs by agreeing to rent units to people with low incomes and to charge rents that are no more than a specified amount. Most tax credit developers choose the option under which the renters must have incomes below 60% of the area median income (AMI) and the rents must be no greater than 18% (30% of 60 %) of AMI. From 1986 to 1989, federal law required developers to maintain these affordability provisions for at least 15 years. Beginning in 1990, however, new LIHTC properties were required to preserve affordability for 30 years. During the first 15 years, called the initial compliance period, owners must maintain affordability. The second 15 years are known as the extended use period, when owners can leave the LIHTC program through a relief process.

Once the 15-year affordability period is over, LIHTC owners who seek and are granted regulatory relief from the program can convert their properties to market-rate units. Some states require longer affordability restrictions, and some LIHTC developments have local financing that comes with longer use restrictions. From 1987 to 2009, approximately 2.2 million units were developed through LIHTC. During the program's first 20 years, LIHTC properties represented nearly a third of all newly constructed multifamily rental housing. Therefore, the future of the 400,000 units that reached Year 15 by 2009 has significant implications for the affordable housing supply. A recent report by Abt Associates, *What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond,* found that most of these properties remain affordable during the period immediately following the first 15 years.

Of the 11,290 properties in the study, researchers found that, by 2009, 3,699 (about 32%) were no longer monitored by state HFAs, which means that they could be charging higher rents. However, despite the lack of affordability restrictions, the researchers found that "the vast majority" of these properties are still affordable. Some are owned by mission-driven entities (nonprofit or even for-profit owners committed to long-term affordable housing) and some are subject to other affordability mandates. Other properties remain affordable simply by default; by Year 15, the restricted rents for LIHTC units are the same as market rents for similar units in similar locations. To further explore the properties no longer monitored by HFAs, researchers surveyed rents on 100 properties of 20 or more units in low-poverty areas. They found that about half (49%) had rents less than the LIHTC restriction, and another 9% had rents within 105% of the LIHTC rent.

The researchers found that a moderate proportion of properties are recapitalized as affordable housing, made possible by such additional public subsidies as new 4- or 9 tax credits allocated to the properties following the first 15 years. These credits may be used for rehabilitation or for buying the property from the original developer. The least common outcome, according to the study, is transforming LIHTC properties into market-rate housing, a scenario that is most likely when the property is located in a low-poverty area.

Researchers also suggested what may happen to LIHTC properties that entered the program after 1994 and will not reach Year 15 until after 2009. Overall, they found that the estimated 1.5 million properties reaching Year 15 between 2010 and 2024 would be even less likely to be converted to market-rate housing than those that reached Year 15 earlier.

The picture changes, however, at the end of the 30-year affordability provisions. By 2020, when the first of the 30-year LIHTC properties still participating in the program become eligible for market-rate conversions, the authors expect that more properties will be repositioned as market-rate housing or will no longer be rentals. But they point out that HFAs, the federal government, and affordable-housing advocates can help drive the future of these developments by providing additional 9% tax credits. They suggest that HFAs preserve, as affordable, those developments that are most likely to be converted to market-rate housing because of their favorable locations, as well as developments that provide supportive housing for people with disabilities or people who have been chronically homeless.

Civil Rights Lawsuit

The ERC (Equal Rights Center), a civil rights organization, is suing a D.C. landlord, for violation of the D.C. Human Rights Act and the U.S. Fair Housing Act, after he allegedly placed an advertisement for apartments in Southeast Washington on Craigslist that told prospective tenants not to apply if they intended to use housing vouchers.

EQUAL HOUSING OPPORTUNITY

The complaint said the landlord, Theophilus LLC, also included language in the ad that said only people who are "working" and "professionals" should apply.

"By refusing to rent to individuals who intend to use Housing Choice Vouchers, as well as individuals who do not have income as "working" or professionals," Theophilus is unlawfully discriminating against renters in the District of Columbia based on their source of income," the complaint said. "Further, by refusing to rent to individuals who cannot work, Theophilus is unlawfully discriminating against persons who are unable to work because of their disabilities."

The ERC is suing for monetary and punitive damages to be determined at a jury trial. It is also asking for reimbursement of attorneys' fees.

Parking Lot Resurfacing

A cost-savings method to replace an existing large asphalt parking lot is full-depth payment reclamation.

The process uses a machine called a reclaimer, equipped with an 8-foot cutting wheel, that removes the distressed layer of existing asphalt. The machine pulverizes the asphalt and uses a water and emulsion injection system to mix and blend the asphalt and stone into a recycled usable base for new asphalt.

Because this method eliminates trucking, landfill, labor costs, and off-site processing fees, it can generate up to a 50% cost savings of an asphalt paving project.

For additional information, see:

http://www.fhwa.dot.gov/pavement/recycling/rap/index.cfm

Subsidized Housing & Improved Health

In September, Carol Galante, Acting Asst. Secretary for Housing/FHA Commissioner, participated in a panel discussion, along with Estelle Richman, Senior Advisor to the Secretary. The panel was part of a conference called "*The Intersection of Housing Policy and Health: Improving Health for Vulnerable Populations*."

The session was sponsored by Abt Associates and the objective was to gather officials from HUD and HHS to discuss housing & healthcare policy in vulnerable populations. As part of the meeting, a policy paper containing nine proposals for integrating housing needs with health and human services, was discussed. Among the proposals were: use the Section 202 program to better serve the elderly with severe health conditions, increase the use of Housing Choice Vouchers, public housing, and Section 8 projects for supportive housing; permit housing admission preferences based on disability; etc.

The entire list of proposals contained in the Abt Associates' policy paper can be read at:

http://www.abtassociates.com/CMSPages/GetFile.aspx?guid=01e6eb97-c2fb-41dd-9542-f4a7f1a612da

Penndel AHMA Fall Management Conference

The Penndel AHMA held its annual Fall Management Conference at Dover Downs Hotel & Casino, in Dover, DE, on September 19-20, 2012.

The conference was attended by 270 property managers, 46 exhibitor companies, and staff from HUD, PHFA, and DSHA. Among the topics discussed were: hoarding, reasonable accommodation, occupancy, employee/tenant safety, tax credit compliance, EIV, resident harmony, collaboration with community partners, MORs, criminal activity, and preparing bid packages.

Speakers were presented with cards advising them of donations made in their name to the Wounded Warrior Project. Also, $25,000 from sponsor ads in the conference agenda booklet and from other sources, will be donated to the NAHMA Educational Foundation for scholarships, next year, for applicants residing in Penndel AHMA member properties. Well done!

Energy Savings in Retrofit Buildings

A recent study sponsored by the Deutsche Bank Americas Foundation and Living Cities could result in changes to the energy-efficiency retrofits market. *Recognizing the Benefits of Energy Efficiency* is a comprehensive effort to quantify the benefits of energy efficiency retrofits in multifamily housing.

The study provides empirical data on energy consumption before and after building retrofits, filling the void where the absence of evidence has stifled demand among owners and kept lenders from creating loan products to finance the cost of building improvements. In addition to illustrating how building retrofits can save energy, the study provides a framework for incorporating energy savings into lenders' underwriting standards.

The study included the development of a comprehensive database of 231 multifamily housing projects (composing more than 21,000 units) in New York City that had been retrofitted with energy-efficiency improvements. The database includes pre- and post-retrofit utility costs (gas, oil, and electricity bills), building and tenant characteristics, and recommended and implemented energy conservation measures, among other variables. The detailed data allowed for a robust analysis of energy savings in fuel and electricity consumption across a representative sample of multifamily buildings in the city.

The study found that after retrofitting, the projects showed an average savings of 19% in fuel consumption and 7% in electricity consumption.

You can read or download the complete study at:

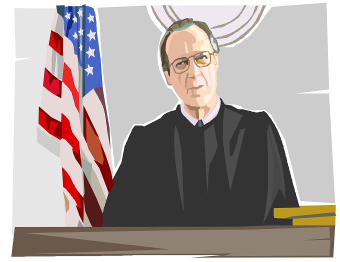
http://huduser.org/portal/sustainability/newsletter_072512_3.html#1

Clarifications of Housing Notice 2012-08

HUD has posted a "Frequently Asked Questions," document regarding the Prepayment and Refinance of Section 202 Direct Loans on the following website:

http://portal.hud.gov/hudportal/HUD?src=/program_Offices/housing/mfh/presrv/presmfh

$34,000 Discrimination Penalty



Following two initial decisions by HUD Administrative Law Judges, Secretary Shaun Donovan found a landlord in West Virginia, Michael Corey, guilty of violating the Fair Housing Act in regard to the rental of a property, and ordered him to pay $34,000, which includes $18,000 in damages to the prospective tenant and $16,000 in civil penalties to the government.

In April 2009, a woman responded to an advertisement in the *Charleston Ad Bulletin* for a house for rent. After the woman informed the landlord that her brother had been diagnosed with autism, the landlord required her to purchase the $1 million insurance policy, sign a document assuming all legal liability, and obtain a doctor's note before he would consider renting to her. The landlord admitted, at trial, that he does not require non-disabled applicants to meet the same requirements and acknowledged that it was his belief that "persons diagnosed with autism and mental retardation pose a greater risk in terms of liability." HUD determined that although the landlord had never met the woman's brother, he worried that the brother, because he has autism, would start a fire or attack neighbors.

"The order reaffirms HUD's commitment to protecting the rights of persons with disabilities," stated John Trasviña, HUD Assistant Secretary for Fair Housing and Equal Opportunity. "No one trying to find a place to call home should be held to a different standard or required to meet additional obligations because they have a disability."

Record Year- FY 12 Production

FHA's mortgage insurance programs had another banner year in FY 12. Multifamily issued almost 1,500 firm commitments, totaling a record $14.6 billion– a 4th consecutive record year. This year's commitments will produce or recapitalize over 224,000 apartments for families. The Office of Healthcare Programs also had a record year, with almost 800 loans worth $6.27 billion that benefited communities.

New Employee

The Philadelphia Hub welcomes, Nicholas J. Dema, a new Project Manager, for the Philadelphia PC.

Senior Citizen Community Services

Senior Citizens United Community Services, Inc., is a non-profit agency that provides services that enhance the quality of life for senior citizens, especially those with the greatest socio-economic need in the Camden County, NJ area.

The range of SCUCs services include non-emergency transportation (SEN-HAN Transit), a nutrition project (congregate meal sites and home delivered meals), in-home services (e.g., respite care, personal care, adult family care caregiver education, and homemaker assistance network), housing assistance (housing counseling and shared housing program), emergency services (e.g., emergency food bags, emergency fuel and heater repairs/replacements, lending closet for medical appliances, lending closet for medical appliances, shut-in shopping, and temporary emergency housing), recreational trips, and financial services (e.g., reverse mortgage counseling).

SCUCS, located in Audubon, NJ, was founded to fill previously unmet needs of seniors and disabled individuals in the community. It has a staff of 90 employees which include social workers, commercial drivers, travel agents, and administrative personnel. Its annual revenues from grants and fundraising have increased from $100,000 in 1979 to $7.5 million today.

For additional information call 856-456-1121 or visit www.scucs.org.

Premium Rent for LEED Property

An owner in Denver, Co., Zocalo Community Development, stated in *Multifamily Executive*, that his development of a 120-unit, LEED-certified project, Solera, has allowed him to charge a 6-9% premium on rental rates.

He further stated that the 2% premium in overall development costs for this LEED Gold level project has been more than worth the investment.

In addition to the higher rents, the high performance building generates higher returns and retention rates, lower operating costs, and satisfied tenants and investors

U.S. Market Report

HUD recently released the 2nd 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.

During the past 12 months, ending June 2012, the following occurred:

- Multifamily building activity, as measured by the number of units permitted, increased 25% in NJ (8,125 units), 48% in PA ,(3,325 units), 77% in WV (240 units), and 200% in DE (970 units).
- Vacancy rates increased, from 2.8% to 4.7% in the Philadelphia metro area, and declined from 2.4% to 1.6% in Center City Philadelphia for Class A high-rises.
- Vacancy rates decreased , from 3.9% to 3.0% for the Pittsburgh metro area.
- Vacancy rates decreased from 4.5% to 3.8% in Northern NJ, and from 6.8% to 5.6% in the Atlantic City/Cape May area.
- Avg. monthly rents remained unchanged at $1,650 for the Philadelphia metro area and increased nearly 3%, to $2,225, for Center City Philadelphia.
- Avg. monthly rents increased 3%, to $870, for the Pittsburgh metro area.
- Avg. monthly rents increased 3% to $1,562 in Northern NJ and 1%, to $971, in the Atlantic City/Cape May area.

To read the entire report, see:

www.huduser.org/portal/periodicals/ushmc.html

New Design Trend

Developers of up-scale rental housing for young "Gen Y" are designing units to accommodate the blurring of lines between work and play.

Specifically, they are creating spaces that obscure the boundaries between inside and outside, between bedroom and living room, and between public and private spaces.

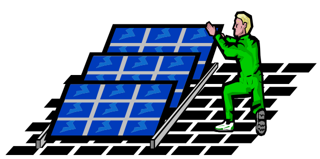
To read more on this interesting topic, see:
www.multifamilyexecutive.com/design/avant-blurs-the-lines-for-gen-y-designs.aspx?

Keep Your Flat Roof in Shape

The Asphalt Roofing Manufacturers Association recommends that property owners take the following steps to insure a long life of an asphalt roof:

- Keep gutters and roof surfaces free of debris so water can drain freely.
- Keep trees, vines, and ivy trimmed.
- Prevent ponding water.
- Don't allow water from downspouts to pour directly onto a roof below.
- Use a soft-bristled broom (not shovels) to remove snow or ice to avoid damaging the roof.
- Have workman use walkway panels as a path to roof equipment.
- Use proper flashing procedures whenever a new element is added to the roof.
- Use anchors made of non-corrosive materials to prevent metal discoloration.

RoofPoint Program



RoofPoint is a voluntary, consensus-based green rating system developed by the Center for Environmental Innovation in roofing, whose mission is to promote the development of environmentally responsible, high performance roof systems and technologies.

The program provides a means for roofing contractors, building owners, and designers to select roof systems based on long-term energy and environmental benefits.

To date, nearly 100 projects were submitted, during the pilot program, from 22 leading manufacturers, roofing contractors, and design firms across North America.

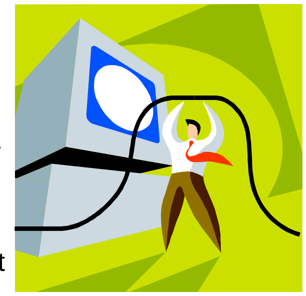
For more information on this program, see:

www.RoofPoint.org

Fast Fact

San Jose, California leads the nation as the top city where it makes more financial sense to rent than to own a home. An individual would have to live in a new home 8.3 years before the cost of owning would be less than the cost of renting.

Local HUD Web Pages



Did you know that every state in the country, as well as the District of Columbia and Puerto Rico/ Virgin Islands, has its own Local Office web page, complete with la wealth of local resources?

It's easy to find what your state has to offer. Use the URL shortcut www.hud.gov/statename (e.g. www.hud.gov/pennsylvania), and you will be taken to the state's main page. Be sure to check out the "I Want to" and "Local Resources" sections to find useful information. (Note- For a two-name state, use an underscore (e.g., www.hud.gov/new_jersey).

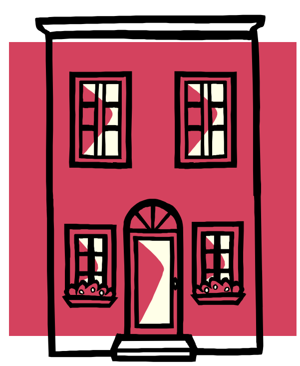
Learn about multifamily senior housing, housing discrimination complaints, the Davis Bacon Act, and more programs within individual program areas. Staff names/ numbers are also listed to get your questions answered.

Here is how to get there:

Go to www.hud.gov. In the top navigation bar, under "State Info," click your state (or go directly to your state by using the shortcut cited above).
In the lower left, under "I Want to," click "Contact My Local Office."

Or, simply bookmark your state's "Contact HUD" page at http://www.hud.gov/local/index.cfm?state=ct&topic=offices (change the two-letter state code for your state) for quick, future reference.

Loan Closings



The following loans closed in the month of September, the end of the FY 12 fiscal year:

Insured- PA: Rutherford Park; and WV: Senior Towers.

Section 811- PA: Reliable Housing, Flagship City Apartments; NJ: Advance Housing 2009, Community Options Hopewell; and WV: Spruce Manor.