

# PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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[www.hud.gov/local/shared/working/r3/mfhsq.cfm?state=pa](http://www.hud.gov/local/shared/working/r3/mfhsq.cfm?state=pa)

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### MIP Increase

On August 14, 2012, GI/SRI mortgage insurance premium increases were published in the *Federal Register*. The increases range from 5 basis points for Section 223(a)(7) refinancing to 20 basis points for Section 221(d)(4) new construction or rehabilitation activity. This increase will help manage the additional risk and assist in bringing private capital back into the market.

The recession, combined with historically low interest rates, led to an unprecedented increase in demand for FHA mortgage insurance over the last three years (e.g., rising from \$2.3 billion in FY2008 to \$12.4 billion in FY2011).

The premiums will be effective October 1, 2012 (the beginning of FY2013). Firm Commitment applications in the pipeline on or before June 1, 2012 would be “grandfathered” and, therefore, not subject to the new rates. This premium change only affects market rate transactions [i.e., Sections 207, 213, 220, 221(d)(4), 223(a)(7), 223(f), 231, 232, and 242].

Projects receiving proceeds from the sale of LIHTCs in conjunction with loan closings, other affordable housing loans for HUD-subsidized properties, or loans insured under FHA’s Risk Sharing programs will not be affected by the MIP increase.

A copy of the *Federal Register* can be read or downloaded at:

<http://www.gpo.gov/fdsys/pkg/FR-2012-08-15/pdf/2012-20045.pdf>

### Residual Receipts Offset

Notice H-2012-14, *Use of “New Regulation” Section 8 HAP Contracts Residual Receipts to Offset Project-Based Section 8 Housing Assistance Payments*, was issued on August 3, 2012.

The purpose of the notice is to allow HUD to slow the growth of Section 8 project-based rental assistance expenditures and to manage the account within levels appropriated by Congress.

The Notice applies to all projects that are subject to a new regulation project-based Section 8 HAP contract (i.e., Section 8 new construction/Substantial Rehabilitation and projects subject to both a Section 202 Direct Loan and a new regulation Section 8 HAP Contract). It does not apply, however, to Section 202 and 811 projects with Project Rental Assistance Contracts (PRACs) and Project Assistance Contracts (PACs).

If HUD determines that project funds are more than the amount needed for project operations, reserve requirements, and permitted distributions, it may require the excess to be placed into an account to be used to reduce housing assistance payments or for other project purposes. Upon termination of the contract, any excess funds must be remitted to HUD.

To the extent Residual Receipts are available, owners are allowed an initial reserve (“Retained Balance”) in an amount equivalent to \$250 per unit to use for project purposes, including funding a Service Coordinator program. Residual Receipts Account balances in excess of \$250 per unit must be applied on a monthly basis to offset Section 8 HAP payments. The Notice can be read or downloaded at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/notices/hsg](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg)

### Contaminated Sites in NJ

In a ruling that could affect tens of thousands of contaminated sites in New Jersey, a state appeals court, on July 6, 2012, said the Department of Environmental Protection does not have the authority to require owners or operators of industrial sites to certify the land is "clean" before they are sold and redeveloped.



The three-judge panel said that two of New Jersey's major environmental laws are meant to "streamline the regulatory process" and "minimize governmental involvement" for property owners who have "handled or stored minimal amounts of hazardous materials."

The suit was brought by Des Champs Laboratories Inc., which operated on Okner Parkway in Livingston from 1982 to 1996, as an assembler of heat recovery ventilators, according to the decision.

Under the state's Environmental Cleanup Responsibility Act of 1983, property owners were required to remediate contaminated sites of hazardous substances before the land could be sold, transferred or closed. The state legislature, however, over the past two decades adopted less burdensome laws streamlining cleanup for properties with trace amounts of contamination.

Using a new rule DEP adopted within the past year, officials informed Des Champs that as a requirement to sell the property, the company had to certify that, to the best of the owners' knowledge, contamination on the property falls below a certain level.

The ruling may be appealed to the NJ State Supreme Court.

### Environmental Processing Notice



*Housing Notice H 2012-13, Environmental Processing Notice for Fiscal Year 2010/2011 Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities Award Recipients* was published on July 12, 2012.

The notice gives directions for both sponsors and HUD regarding the policies and procedures that must be followed to meet environmental responsibilities. It also outlines the complete environmental processing

requirements for those FY 2010/2011 Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities applicants that received Agreement Letters from HUD notifying them that they were selected to receive Section 202 or Section 811 fund reservations.

The notice is accessible through HUD's website at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/notices/hsg](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg)

### PA Historic Tax Credits

Pennsylvania, which boasts one of the largest numbers of designated historic structures in the nation, became the 30th state to offer tax credits for restoring designated historic structures. Tax credits under the new Historic Preservation Incentive Act will be used as a companion to the current 20% federal tax credit program.



The state program will offer a 25% tax credit for the rehabilitation of qualified income producing buildings that are also using federal tax credits. The new tax credits aim to stimulate redevelopment and help revitalize communities that have an abundance of historic properties.

The Pennsylvania Historical and Museum Commission and the Department of Economic and Community Development will develop the program guidelines. The credit went into effect July 1, 2012, but the first tax credits will not be issued until after July 1, 2013.

Just like the federal program, this credit is issued after the project is completed. To start, the program is limited to \$3 million annually with an individual project cap of \$500,000. Only income producing properties will be able to use this program.

### HUD Receives CLEAR Award

For the 6th consecutive year, HUD has received the Association of Government Accountants Certificate of Excellence in Accountability Reporting (CLEAR) Award.

This prestigious certificate is awarded to agencies that have demonstrated excellence in presenting performance and accountability information in an integrated and user-friendly format. For the FY 2011 reporting cycle, nineteen government entities received the award.

### Healthcare 242 Stakeholder Session

On June 25-26, 2012, the Office of Healthcare Programs (OHP) held a stakeholder roundtable discussion in an effort to improve LEAN processing on the Section 242 program, reduce risk, and make it easier for hospitals to gain FHA insurance.



Lenders, attorneys, hospital industry executives, and OHP leadership met to talk about the current application process, and to find ways to streamline it further. The discussion format encouraged new ideas, improvements in existing processes, and creative ways to decrease lead time.

Changes under consideration, as a result of this session could include more detailed descriptions of the preliminary review process, risk factors and evaluation criteria, and changes in templates and documents.

### FNMA Green Refinance Plus



On June 27, 2012, City Gardens Apartments, a Section 542(b) risk-sharing project in Santa Ana, CA, became the first one to use **Green Refinance Plus**- a partnership with Fannie Mae to allow owners of existing affordable rental housing properties to refinance into new mortgages that include funding for energy- and water-saving upgrades, along with other needed property renovations.

The project also benefited from a Housing grant awarded through the Energy Innovation Fund.

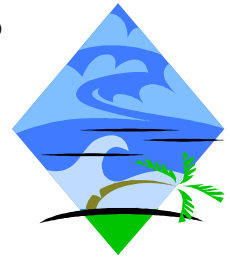
The program was originally announced by Secretary Shaun Donovan in May 2011 (see August 2011 issue of *Phila. MF Hub News*). Under the program, FHA and Fannie Mae share the risk on loans to refinance existing rent-restricted projects, while permitting owners to borrow additional funds to make energy-saving improvements to their properties.

You can read the August 2011 issue, as well as any other back issues, by visiting our virtual library at:

[www.hud.gov/local/pa/working/mfnews11aug.pdf](http://www.hud.gov/local/pa/working/mfnews11aug.pdf)

### Storm Preparedness

In early July of this year, projects had to cope with severe windstorms, called derechos, that left thousands of tenants without power, especially in West Virginia. This unusual weather event stressed the importance of being prepared. Now, with hurricane season and winter storms on the horizon, you should review your emergency procedures to insure that they are adequate. The following is a brief list of the steps that you should take to insure the safety of your tenants, as well as the security of your building:



- Have your employee emergency contact numbers and call chain updated and in place for reference.
- If emergency managers advise tenants to evacuate, they should do so without delay.
- You should have a written disaster plan and should share it with your staff and tenants. You should meet with the tenants before to discuss the storm, its impact, and possible scenarios. Make sure that they are familiar with your building's evacuation plan, which should illustrate what residents are supposed to do in the event of an emergency. The evacuation plan should be available in places where all residents can see and review it, and the building management should hold a fire drill with occupants at least once a year.
- If project funds are available, tenants should be provided with disaster supply kits for evacuations.
- Disaster prevention includes modifying your building to strengthen it against storms so that the tenants can be as safe as possible. It also includes having the supplies on hand to weather the storm.
- Secure your building.
- Test your back-up generator to ensure it will operate if needed.
- Contact your local HUD Program Center to advise of any property damage or tenant relocation needs.

Information on hurricane preparedness can be found at:

[http://www.nhc.noaa.gov/HAW2/english/disaster\\_prevention.shtml](http://www.nhc.noaa.gov/HAW2/english/disaster_prevention.shtml).

Samples of Evacuation Plans can be viewed at:

<http://www.naurutower.com/pdf/EvacPlan.pdf>

<http://www.housingcolorado.org/images/uploads/4e8e22a6382ec.pdf>

### 2012 Drug-Free Kids Poster Contest Winners

The National Affordable Housing Management Association (NAHMA) recently judged its 26th annual "AHMA Drug-Free Kid" poster art and calendar contest. Almost 5,000 children, elderly/disabled and special needs residents of NAHMA-member affordable housing communities nationwide participated in the contest. Winning artwork will be featured in a 2013 calendar available for sale through NAHMA and its member Affordable Housing Management Associations (AHMAs).



Through fundraising efforts such as the "AHMA Drug-Free Kid" art contest, the NAHMA Educational Foundation awards scholarships and encourages children to set goals, emulate good role models, and live a drug-free lifestyle. In addition to the drug-free message, this year's contest had a new sub-theme that reinforces a message about positive uses of time. The theme was "The Next Step is Yours" and the sub-theme was "Let's Take Care of Our World."

The grand-prize winner this year is Oscar Castillo, a sixth grader from Baldwin Park, CA. His artwork will appear on the cover of NAHMA's 2013 calendar. He also will receive a scholarship of \$2,500 from the NAHMA Educational Foundation, as well as a trip to Washington, DC, where he will be honored at NAHMA's Fall Meeting in October 2012.

Local winners were Alton Nelson, Senior, Arch Court Apartments, Pittsburgh, PA, Arbor Management PAHMA; Alex Rivera, Grade 3, Winteringham Village, Toms River, NJ, Interstate Realty Management, JAHMA; and Stacy Conn, Grade 11, The Village at Somerset, Somerset, PA, Winn Residential, PAHMA. Also, Alexis Thomas, Grade K, Timberland Apartments, Williamsport, PA, The Michaels Organization, PennDel AHMA, received an Honorable Mention.

Congratulations to all!

Calendars may be ordered beginning in September 2012 by calling (703) 683-8630 ext. 15 or by visiting NAHMA's website at: [www.nahma.org](http://www.nahma.org). Calendars cost \$5.50 and are a HUD and RHS allowable project expense.

### NAHMA Scholarships

The NAHMA Educational Foundation has awarded 11 scholarships, totaling \$12,250, to the following distinguished residents, living at Affordable Housing Management Association/PennDel AHMA properties, who are pursuing some type of higher education in college, university, community college, trade/ professional school or institute:



Thien-Huong Nguyen (Stoney Brook Apts./Arbor Management)- \$3,000; Dana Aldridge (Lebanon Village/CRM)- \$750; Luis Velasquez (Lebanon Village/CRM)- \$750; Zania Walker (Lebanon Village/CRM)- \$750; Raven Black (Court of Washington Square/Arbor Management)- \$2,500; Belinna Choub (Park Springs Apts./IRM)- \$750; Tamyra Hamilton-Laws (Montgomery Townhouses/IRM)- \$750; Kris Hilliard (Zephyr Apts./IRM)- \$750; Michelle Holmes (Montgomery Townhouses/IRM)- \$750; Gloria Bruner (Breslyn House/WinnResidential)- \$750; and Kareema Hilton (Breslyn House/Winnresidential)- \$750.

The Foundation is a privately funded, non-profit organization that was created in 1994, and awarded its first scholarships in 2007, to further charitable and educational opportunities on behalf of residents.

Congratulations to all of the award-winning scholars!

### Utility Scam

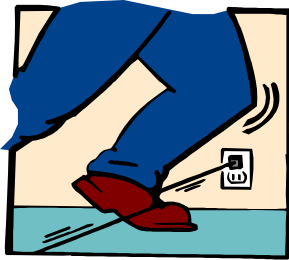
The PA State Police has issued a community awareness bulletin concerning a scam, targeted primarily at the elderly, in which imposters contact utility customers about a federal assistance program that will provide up to \$1,000 toward the victim's utility bills.



After the victim provides his/her social security number, credit card number, and bank information, the victim is given a "government bank account and routing number" to use when paying bills. This information, however, is not real and the victims are now susceptible to identify theft, as well as late charges for non-payment of utility bills.

Victims of this scam should contact their bank, the three credit bureaus (Equifax- 800-685-1111, Experian- 888-397-3742, and TransUnion- 800-888-4213), and the Federal Trade Commission- 877-438-4338, or [www.ftccomplaintassistant.gov/](http://www.ftccomplaintassistant.gov/).

## Preventing Falls



A stumble and fall may seem like no big deal, but for older adults in particular, the consequences can be debilitating.

Every year, one in three people ages 65 and older take a tumble, causing hip fractures, head trauma, and even an increased

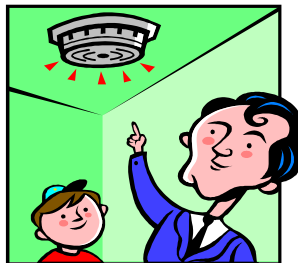
risk of death. Deteriorating muscle strength and vision makes falls more likely. Older adults also tend to take more medications, some of which can cause dizziness and slower reaction times.

There are, however, four steps that can be taken to reduce this risk. Owners and managers of housing for the elderly may want to consider the following:

- Advise tenants to use non-slip mats in the bath tub, double-sided tape to secure throw rugs, and remove clutter off stairs and other heavily traveled spots.
- Remove obstacles in hallways and public spaces and insure that carpeting does not pose a tripping hazard (i.e., because of fraying or ripples).
- Have health screenings (i.e., for vision, hearing, and medication side-affects).
- Have exercise classes to promote balance, flexibility, and muscle strength (Tai Chi, described as meditation in motion is excellent for this).

## Working Smoke Alarms

The National Fire Protection Association has released its "Smoke Alarms in U.S. Home Fires" report. Based on telephone surveys, the report found that 2/3 of fire deaths resulted from homes that did not have smoke alarms or had a smoke alarm that was not operating because it was disabled or had dead batteries. In fact, in 24% of the home fire deaths, smoke alarms were present but did not sound due to dead or disconnected batteries.



This emphasizes the need for property managers to perform periodic inspections of units and to replace batteries in smoke alarms on an annual basis.

More information on smoke alarms can be found at the following website:

[www.nfpa.org/search.asp?query=Smoke+Alarms+](http://www.nfpa.org/search.asp?query=Smoke+Alarms+)

## Protect Against Vandalism

Graffiti, broken windows, damaged doors, arson, etc. are all forms of vandalism that create unnecessary and costly expenses for a project.

Vandalism risks, however, can be reduced by implementing the following three steps:

1. Create a list of vulnerable areas (i.e., weak perimeter points) and address them.
2. Create physical and psychological barriers (e.g., security guards, surveillance cameras, signage, fences, gates, security cards, lighting, and protective landscaping).
3. Repair damaged items immediately.



## Data Loggers

A data logger is a device that measures and records physical or electrical parameters over a period of time.

They can be used in a project to insure that building systems are operating at peak efficiency.

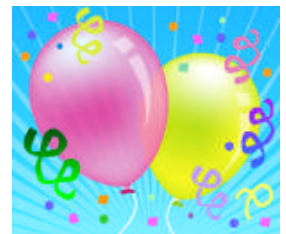
Costing only about \$100, they can measure temperature, humidity, carbon dioxide levels, motor run times, electricity usage, and on/off cycles.

Once configured to your computer, data loggers are attached to a system via a magnetic strip, which then detects the magnetic field generated when a system is turned on. They then provide specific system-by-system statistics that can be plotted out on a graph to identify inefficiencies.



## Congratulations

Congratulations to the York Area Housing Group that celebrated a milestone last month. Cloverfield-Kingston House, a 102-unit Section 8-assisted project, located in York, PA, that was built in 1982, celebrated its 30<sup>th</sup> Anniversary.



### Use & Storage of Flammable Products

Maintenance staff and tenants should use caution when using flammable products.



In order to insure safety, the following guidance is provided:

- Don't store paper, gasoline, paint, trash, and other flammable materials on, under or around hot water heaters, furnaces, stoves, ovens, or other fuel burning appliances. Flammable vapors from these products are easily ignited and can cause life threatening burns. Vapors are invisible, are heavier than air, and have the ability to travel long distances across a floor in seconds.
- Don't fill gasoline containers to the top. Allow room for vapor expansion.
- Don't use flammable liquids (like gasoline) indoors.
- Don't store gasoline in plastic milk jugs or glass containers.
- Don't hang anything on gas piping. Items such as clothes hangers, towels, or blankets can cause piping to collapse, which can cause a serious gas leak.
- Do use flammable liquids according to the manufacturers' instructions provided on their containers.
- Do keep gasoline in an approved gasoline container only. Make sure that the container is tightly sealed.
- Do keep gasoline and other flammable liquids away from children.

### Gas Smell?

What should happen if a tenant detects an odor of natural gas in his/her unit? The following steps should be taken:

- If the odor is weak, tenants should contact management to check the unit's pilot lights and burner valves on appliances.
- If the odor is strong, tenants should be advised to vacate their units and contact management immediately.
- Tenants should not use the telephone or any electrical equipment in the unit, including switches and



thermostats, due to the possibility of sparks/fire.

- Doors and windows should be opened to let in fresh air.
- Management, in turn should call the project's local utility company or dial 911.

### Clothes Dryer Fires

The Federal Emergency Management Agency's (FEMA) U.S. Fire Administration (USFA) issued a special report last month, *Clothes Dryer Fires in Residential Buildings (2008-2010)*, examining the characteristics of clothes dryer fires in residential buildings and how they can be prevented.



According to the report:

- An estimated 2,900 clothes dryer fires in residential buildings are reported to U.S. fire departments each year and cause an estimated 5 deaths, 100 injuries, and \$35 million in property loss.
- Clothes dryer fire incidence in residential buildings was higher in the fall and winter months, peaking in January at 11%.
- Failure to clean (34%) was the leading factor contributing to the ignition of clothes dryer fires in residential buildings.
- Dust, fiber, and lint (28%) and clothing not on a person (27%) were, by far, the leading items first ignited in clothes dryer fires in residential buildings.
- Fifty-four percent of clothes dryer fires in residential buildings were confined to the object of origin.

The informative report can be read or downloaded at:

[www.usfa.fema.gov/downloads/pdf/statistics/v13i7.pdf](http://www.usfa.fema.gov/downloads/pdf/statistics/v13i7.pdf)

### Loan Closings

The following loans closed during the month of August: Insured– PA: Sherwood Towers, Kearsarge Place, Buchanan Manor, Ridgeview Apts., Decatur Village; and WV: Twin Rivers Tower; and Section 202– PA: Beechtree Commons II, and Lutheran commons; and Section 811– PA: FSWP-GLV and NJ: CARING Homes 2008.

