

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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Mixed-Use Neighborhoods Safer

Neighborhoods with a mix of residences, offices and retail outlets have often been cited for their beneficial effects on residents' health, traffic congestion, pollution, and quality of life. Now, a new study of mixed-use housing in Los Angeles states that it also cuts downs on crime.



“People say this makes intuitive sense,” says John McDonald the chair of the department of criminology at the University of Pennsylvania. A neighborhood with lunch counters, offices, condos and bars is likely to have more “eyes on the street” at more times of day. And this collective surveillance ostensibly deters criminals.

The findings suggests that we should start thinking about urban planning and zoning laws as one largely overlooked tool in crime prevention. It is certainly less costly than arresting people and putting them in jail.

To read more on this topic, see:

http://www.housingfinance.com/business-update.aspx?id=388&utm_source=newsletter&utm_content=jump&utm_medium=email&utm_campaign=AHFBU_032013&day=2013-03-20#388

Top Affordable Housing Lenders

A combination of stronger banks, stronger real estate markets, and low interest rates helped lenders close affordable housing transactions in massive volumes in 2012. In addition, a flood of aging affordable housing properties created a boom in preservation deals.



The following is the Affordable Housing Finance's list of the top 10 national lenders (in millions):

1. CitiCommunity Capital- \$2598
2. Wells Fargo- \$2427.8
3. NYC Housing Dev. Corp.- \$1838.9
4. Bank of America/Merrill Lynch- \$1750
5. JP Morgan Chase Bank- \$1178.5
6. U.S. Bank- \$950
7. Capital One Bank- \$729
8. Oak Grove Capital- \$405
9. RBC Capital Markets- \$400.5
10. Merchant Capital- \$322

To read more about the lending industry and see the complete list of 25 lenders, see: www.housingfinance.com/lenders/loan-stars.aspx?utm_source=newsletter&utm_content=jump&utm_medium=email&utm_campaign=AHFBU_032013&day=2013-03-20

Quick Funding Fact

The Section 8 Rental Assistance Program (Project-based, Public Housing, and Housing Choice Vouchers) provides assistance to 5 million low-income households. The projected outlay of funds for 2013 is \$31.9 billion.



Multifamily Characteristics

HUD and the U.S. Census Bureau have released the *2012 Rental Housing Finance Survey*, which provides a complete picture of the nation's multifamily rental properties, including data on property values, how their mortgages are financed, and characteristics of the structures.



This new survey builds on previously known information and collects data on the following attributes of residential structures: property values, characteristics, rental status, rental value of units, commercial use of space, property management status, ownership status, a detailed assessment of mortgage financing, and benefits received from Federal, state, local, and non-governmental programs.

HUD recognized that there was a gap in knowledge about who owns multifamily rental housing, how it is financed, and the financial health of the housing. The nation's recent housing crisis underscores the need to understand the financing that supports this important segment of the rental housing market, including the performance of the mortgages that support the housing in which one-in-five American families live. This survey will also be useful to the rental apartment industry to benchmark individual project performance against national data to help it make better business decisions

The survey was conducted in the winter and early spring of 2012 by the Census Bureau and included information from detailed interviews of a nationally representative sample of 2,264 properties. Here are some of the major findings from the survey on multifamily rental properties:

- There are 2.3 million such properties in the United States.
- 73% are just one building while 4% have 20 or more buildings on the property. In multifamily rental properties with 50 or more units, 45% have 20 or more buildings.
- 77% provide parking.
- 19% contain buildings built prior to 1920.
- 67% are owned by households or individuals.
- 70% are managed day-to-day by the owner or an unpaid agent, such as a family member.

- 54% of two to four unit multifamily rental properties have a mortgage compared to 85% of properties with over 50 units.
- 73% were acquired by their owners prior to 2005.
- 87% of multifamily properties owners reported making repairs to their housing units; the median cost of repairs was \$699 per housing unit in 2011.
- 69% of all multifamily rental property owners reported making capital improvements to their properties in 2010 or 2011; then median cost of capital repairs was \$1,167 per housing unit.

The survey can be found at:

www.census.gov/hhes/rhfs/

PHFA Announces \$16.1 Million in LIHTCs



Seventeen developments in urban centers throughout Pennsylvania have been selected to receive \$16.1 million in low-income housing tax credits. When completed, the developments will provide 662 rental housing units.

"We only fund about a third of the applications we receive, which tells you how intense the competition is for this funding," said Brian A. Hudson Sr., executive director and CEO of the Pennsylvania Housing Finance Agency (PHFA). "Our staff makes sure the winning proposals are for developments in urban centers located around the state so that all regions benefit from the housing that's created, and from the economic development that's stimulated by its construction."

PHFA will announce a second round of funding for developments in rural and suburban areas in July.

Read more at:

www.phfa.org/forms/press_releases/2013/PHFA_MultifamilyAwards_03142013_FINAL.pdf

Philadelphia ELA Conference

The Eastern Lenders Association (ELA) held its 10th Annual Conference in Philadelphia, PA on March 11-12, 2013. In attendance were over 300 lending representatives, consultants, attorneys, and HUD staff.



Among the topics discussed were: Section 223(a)(7) and Asset Management issues, closings, tax credit pilot and RAD, revised PCNA requirements, risk mitigation, and a Hub Directors' panel discussion.

On March 13-14, LEAN training was also provided.

Anti-Graffiti Network

The City of Philadelphia has a program dedicated to the eradication of graffiti vandalism, the Anti-Graffiti Network. This program represents a coordinated effort of city agencies, business organizations and community groups to address this inner-city problem. Information about graffiti removal and other quality of life programs can be found at the Mayor's Office of Neighborhood Services website at: www.phila.gov/qualityoflife.



The City of Philadelphia Graffiti Abatement Team will provide homeowners, community organizations and businesses with free power-washing services to combat graffiti vandalism from their respective properties. Normally, graffiti is removed within 4-5 days after it is reported. It is important to report graffiti to your local police district because it is a crime. Also, as soon as graffiti appears in your neighborhood, have it removed. Graffiti that remains visible for a long period of time encourages graffiti vandals to deface more property in that area. To request this service, please call (215) 686-0000 or report graffiti online at: www.phila.gov/antigrffiti/removalform.html.

Property owners should consider installing motion sensor lighting to discourage graffiti vandalism.

Another solution is the city's Mural Arts Program- a partnership with communities throughout Philadelphia to create more than 2,800 murals and provides artistic opportunities for youth. If you are interested in having a mural created in your neighborhood or if any of your

tenants would like to volunteer their artistic talents in designing murals, please call the Mural Arts Program at (215) 685-0750. You can also visit their website at: www.muralarts.org.

Free Street Trees

The Philadelphia Parks and Recreation Department is giving away Sweetbay Magnolia, Serviceberry, Pawpaw, American Plum, American Hornbeam, Flowering Dogwood, Eastern Redbud, Boxelder, Black Gum, and Tulip trees as part of its Street Tree Block Program.



TreePhilly's mission is to connect Philadelphia residents with the resources they need to plant and care for trees and grow the "urban forest."

Trees can be obtained to beautify your street by completing an online request. Here are the steps:

- After the Street Tree Department receives your planting request, an arborist will inspect the location to determine whether it is an appropriate and safe location for a tree to be planted (locations are chosen that promote tree health and minimize safety hazards).
- When the site inspection is done, a Planting Permission Form will be left for you to sign and return to Philadelphia Parks & Recreation (Note- renters must obtain the signature of the property owner on this form).
- Once this permission form is signed and returned, the location is placed on a future planting list and a free street tree will be provided within 18 to 24 months (Note- In order to ensure their health and success, street trees are only planted when they are dormant, during the months of April, May, October, November and December. TreePhilly compiles lists for planting at least 6 months ahead of time so it can purchase all of the trees it needs for the next planting season).

For additional details, see: <http://treephilly.org/street-trees/>

Housing Notices



On March 8, 2013, HUD issued the following two housing notices:

Housing Notice H 2013-06, Enterprise Income Verification

The purpose of this Notice is to provide updated instructions for using the EIV system now that use of the EIV system by Owners and Management Agents (O/As) is mandatory. Effective January 31, 2010, O/As must use HUD's EIV system in its entirety:

- As a third party source to verify tenant employment and income information during mandatory recertifications of family composition and income, in accordance with §5.236, and administrative guidance issued by HUD.
- To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance. (24 CFR §5.233).
- In addition to the mandatory use by O/As, the EIV system must also be used by Contract Administrators (CAs), Performance Based Contract Administrators (PBCAs), Traditional Contract Administrators (TCAs), and HUD staff for monitoring the O/A's compliance with obtaining access to and using the EIV system; by independent public auditors (IPAs) auditing an owner's compliance with verifying income and the accuracy of rent/subsidy determinations; and by the Office of Inspector General (IG) for auditing purposes.

Housing Notice H 2013-07, Concentration of Principal Risk; Principals with Insured Assets Greater than \$250 Million

This Notice clarifies guidance and processing procedures describing how lenders can obtain prior approval in order to receive FHA's consideration for additional mortgage insurance commitments when the principals will have total insurance in place, *including the proposed additional commitments*, equal to or in excess of \$250,000,000. In addition, other principals with 25 or more commercial real estate assets, but with insured loan balances that total less than \$250,000,000, have the option to obtain HUD credit review prior to submitting project applications.

To view the complete notices, see:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

FEMA Flood Maps

The Federal Emergency Management Agency (FEMA) has been working on new flood maps for New Jersey, a state that was severely impacted last October by Superstorm Sandy, for the past two years. The maps are the first revisions since the 1980s.



In January, Governor Chris Christie, announced that the state was immediately adopting FEMA's revisions as New Jersey's standards, and would not wait until they were formally adopted, a process that could take 18-24 months.

According to data in the state recovery plan, nearly 38,000 primary residences and 9,300 rental units received severe or major damage from Sandy.

For additional advisory information, see:

<https://sites.google.com/site/region2coastal/sandy/abfe>

Scholarship Funds

Scholarship funds are available to all high school seniors, high school graduates, and adults holding a high school diploma or GED, living at a Penn-Del AHMA-affiliated property.



In the 2012-2013 academic year, residents from Penn-Del AHMA sites were awarded \$12,500 in scholarships.

Applications must be completed online, by May 24, 2013, at: <http://nahma.indatus.com>

Share Your Stories

If you have any interesting stories about your project or its tenants, please share them with your industry partners.

Send a Word document to the following address and so that your project can be featured in an upcoming issue of Philadelphia Multifamily Hub News:
thomas.langston@hud.gov

How to Buy the Right Generator

Superstorm Sandy drove home the need to be prepared in the event of a natural disaster. Of paramount importance is the need to maintain power to your building. This is where generators come in. Without one, you can be without power for hours, days, or even weeks.



A generator is a wise investment to minimize future downtime. However, you need to determine what type is right for your building.

Before you purchase a generator, you should answer these four questions:

1. How long could my project need backup power? You must determine which pieces of electrical equipment must operate throughout a power outage. You should also consider how often your building has lost power and what events caused the outages.
2. How will my building interact with the generator? If you have critical equipment, you may want to invest in a stationary "stand-by" generator, with a power-sensing transfer switch, that is permanently wired into your building's electrical system. This type of system provides longer run times and higher levels of power than portable generators.
3. Do I need to supply power to smaller machines? If so, a portable generator with 15kW-20kW and 40 V may be appropriate. Although these units are less expensive than stationary ones, they have shorter run times.
4. What fuel is common in my area? Choose a model compatible with local fuel sources (i.e., gasoline, diesel, or propane).

Quick Population Fact



The City of Philadelphia has grown in population for the sixth consecutive year. The census estimates show that Philadelphia added 9,040 people in 2012, and 21,601 since May 2010. The city's population now stands at 1,547,607.

"Call All Your Angels"

A group of Staten Island musicians has created an original song titled "Call All Your Angels," created to raise money for the Carl Bini Foundation and its Superstorm Sandy relief efforts.



The multimedia benefit project, put together by Staten Island Rockers for Relief, was the brainchild of Dean Santa, Project Manger, Newark Program Center (third from left in the photo insert), and colleagues Mike Caro and Laine Thompson.

"Call All Your Angels" is available at the independent music store CDBaby.com. It comes in two versions- one with the full band and one that is "unplugged." A short video clip will also be posted at that time. The tracks will also be available at Amazon.com and in the iTunes music store.

Superstorm Sandy Hit Renters Hard



A report by an affordable housing advocacy group, Enterprise Community Partners, has found that 43% of people impacted by the storm in NJ were renters. Of those renters, 41% earned less than \$15,000 per year and 67% earned less than \$30,000 per year (25% were Hispanic, 23% were African-

American).

Fair Share Housing Center, a Cherry Hill-based group that advocates for more low-cost housing in NJ, has stated that the state should take heed and focus more on rebuilding affordable homes. Adam Gordon, an attorney with the Center, also noted that "the data shows that unless rebuilding is fair, lower income people devastated by Sandy will be forced to live further and further from their jobs and communities."

Loan Closings

The following loans closed during the month of March: Insured- PA: Hanover Village, Lutheran Knolls, and Bethlehem Village; NJ: Crestbury Apts.; and WV: Hinton House; and Section 811- NJ: Caring Homes 2010.



Pest Control

Here is a summary of the best methods to rid a building of rodents, bats, and birds.



Rodents:

- Use mechanical kill traps.
- Avoid poison bait or glue traps.
- Seal gaps/cracks and scale back landscaping.

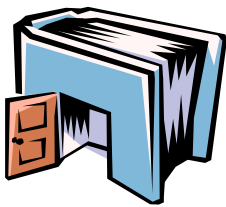
Bats:

- Use 1/4-1/6" netting around exit points so bats can escape but not return.
- Seal entry points with caulk, mesh, or cloth after the bats are gone.
- Avoid extermination practices since some bats are protected under federal law.

Birds (pigeons, sparrows, & starlings):

- Install anti-roosting devices, such as spikes or electric strips.
- Design out ledges or roosting points.
- Place netting over openings and skylights.
- Use caution when using neurotoxins in bird feed. (This is a temporary solution that may result in bird deaths from erratic flying and overdose).

International Code Council Online Library



International Codes, State-Adopted Codes, and various Archived Building Codes can be searched and printed for free at the following website:

<http://publicecodes.cyberregs.com/icod/index.htm>

Glassboro Parking Ruling

The NJ Superior Court has ruled in favor of a group of project owners from Glassboro, NJ who opposed a local ordinance that set parking space requirements for tenants. Under the code, every project would have to provide one off-street 10 ft. X 20 ft. parking space for every occupant over the age of 18. The owners successfully argued that the parking ordinance regulated occupancy unfairly and that not all projects could accommodate residences shared by several tenants.

Glassboro has 45 days to appeal the decision.

U.S. Market Report

HUD recently released the 4th 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 December 2012, the following occurred:

- Multifamily building activity, as measured by the number of units permitted, increased 67% in PA (4,425 units), 45% in WV (90 units), and 200% in DE (1,200 units).
- Vacancy rates increased, from 2.6% to 5.5% in the Philadelphia metro area, and from 2.3% to 6.9% in Center City Philadelphia for Class A high-rises.
- Vacancy rates decreased from 4.1% to 3.8% in Northern NJ, and from 5.8% to 5.4% in the Atlantic City/Cape May, NJ area.
- Avg. monthly rents remained unchanged in Center City Philadelphia at \$1,600 and at \$2,150 for Class A high-rises.
- Avg. monthly rents increased 2% to \$1,579 in Northern NJ and 1%, to \$973 in the Atlantic City/Cape May, NJ area.

To read the entire market report, see:

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

Free Internet Access

The City of Philadelphia now has 70 locations with 813 free computers workstations, free internet access and one-on-one training, through the Freedom Rings Partnership.



The Partnership is comprised of nine organizations, which include grass root groups, government, and universities, whose purpose is to bring Internet access, training and technology to communities citywide. Currently, 41% of Philadelphians do not have access.

People can find the closest locations, using their zip codes, by calling (215) 851-1990, or by using the following KEYSPTS link:

<https://www.phillykeyspots.org/keyspot-finder>