Pennsylvania, New Jersey, Delaware, & West Virginia

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS

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

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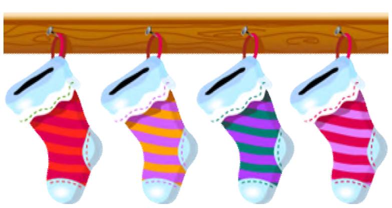


Happy Holidays to All of Our Readers!

Homeless Initiative

During a recent visit to Boston, Mass. Secretary Donovan met with HUD staff and partners involved in an innovative new initiative to house homeless families.

The program called New Lease will make more than 400 units of housing, in 41 private developments, available for homeless families over the next two years. Boston's Multifamily Housing staff worked with the Massachusetts Department of Housing and Community Development to approve an admissions preference and regulatory waiver for homeless families residing in the state Emergency Assistance Shelter program. FHEO staff in Region I was also involved in providing advice and guidance on the preference.

Affordable housing developers in the state have agreed to offer between 10 and 15% of their vacant units per year to homeless families coming out of motels, hotels and shelters. These developers have also agreed to fund two staff positions that will run the program and provide necessary supports.

This program is believed to be the first initiative in the country to address homelessness using privately-owned HUD-assisted housing on this scale.

Multifamily Transformation Update

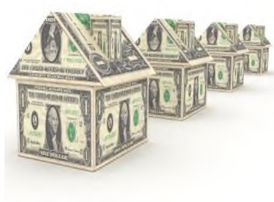
In the May 2013 issue of *Philadelphia Multifamily Hub News*, we reported on Multifamily Housing's reorganization. In the article, it was stated that Multifamily is consolidating 17 Hubs into 5 Hubs, with each Hub having a satellite office. In the case of Philadelphia, all work currently performed by the Philadelphia Hub, as well as its staff, will be transferred to the New York Hub. The New York Hub, along with its Boston satellite office will service 12 states and the District of Columbia, from Maine to Virginia.

Last month, two significant organizational changes were made to the Transformation Plan in response to feedback from employees and other stakeholders. As a result, Multifamily has adjusted its plan to better address the goals of the Transformation. These changes include:

- Retaining Multifamily staff in Baltimore and Minneapolis in satellite offices and allowing employees to re-evaluate their location preference. These offices will provide additional geographic coverage and support for critical Multifamily work in the New York and Chicago Hubs.
- Training one Field Policy & Management staff member in each consolidating location to ensure close ties to our communities, lenders, and other stakeholders. These liaisons will maintain regular communication with Multifamily staff in the Hub and satellite offices.

These changes will provide significant benefits for our employees, customers and stakeholders by expanding the number of servicing locations and enabling staff to actively participate in affordable housing preservation activities.

LIHTC



Created as part of the last major tax reform effort in 1986, the Low-Income Housing Tax Credit (LIHTC) replaced previous policies with a successful private-public partnership that ensures the development of housing for low- and moderate-income Americans. Since its inception, the program has financed the construction of more than 2.5 million affordable homes.

Under the LIHTC program, also known as the affordable housing credit, the Department of the Treasury issues tax credit allocation authority to state housing finance agencies. The state agencies develop criteria by which the tax credits are allocated to developers in order to construct housing that must remain affordable for at least 30 years.

The tax credits, which are awarded via a competitive application process, are syndicated from the developers to investors, who in return provide equity for construction financing. These investments ensure that the money is available to build the properties, thereby reducing debt loads and development costs. Without such financing, it is difficult to connect future affordable housing needs with the upfront costs of construction. Finally, the syndicated credits are claimed over a 10-year period to ensure program compliance with oversight from state agencies and the IRS.

When the buildings are placed into service, the program provides rental homes for families at or below 60% of area median income, who pay rent of no more than 30% of their income. According to the 2010 American Community Survey, 19.4 million renting households (49% of all renting households), were rent burdened or paid more than 30% of their total income in rent. The same data indicates that 25% of all renting households paid more than 50% of their income in rent.

In addition to adding to the nation's affordable housing stock, the affordable housing credit is also a job creator. Economists at the National Association of Home Builders estimate that the construction activities, financed by tax credits, support approximately 95,000 jobs and generate $7.1 billion in economic income per year.

The construction or supply-side focus is key to the program's success. By ensuring financing is available to construct safe, high quality housing, the LIHTC supports the development of housing that might not otherwise be financed for certain populations or neighborhoods.

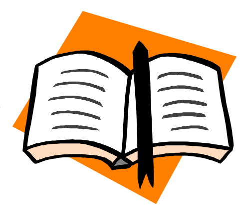
Housing Opportunity

Last month, industry professionals discussed their 2014 forecasts at a seminar based on "Emerging Trends in Real Estate," a widely recognized annual report published by the Urban Land Institute and PricewaterhouseCoopers.

In the report, the City of Philadelphia's real estate forecast was made. The report praised the business opportunities in Center City and the many retailers that are interested in coming into its market. Based on this assessment, it is expected that the population will also grow in numbers. Realtors are closely following this residential population explosion which is directly related to the viability of the local economy.

It is expected that as new residents move into Center City, the demand for housing will increase. This creates an opportunity for developers, as well as for additional retail businesses to support this community.

Waivers of Section 8 Guide



The Office of Housing Assistance and Grant Administration (HAGA) has been processing certain waivers of the *Section 8 Renewal Guide* to encourage preservation under the provisions of Chapter 15 of the *Guide*, and in conjunction with an Option 1 Mark-up-to-Market contract renewal. In many cases, HUD Program Centers also requested that HAGA waive the *Guide* requirement under an Option 1 renewal (Sections 3-7A and F.1.d.) for a HUD-contracted third-party rent comparability study (RCS).

In the past, such waivers were only granted when the Program Center could show good cause (e.g., the contracting process cannot timely produce a third-party RCS and the project is in imminent danger of losing its tax credits). Although the requirement remains in these cases for HUD, or the PBCA, to review the owner's RCS, the lack of a third-party RCS creates the risk of unsubstantiated rent increases. Multifamily Housing is no longer willing to take on this risk. As of January 1, 2014, HAGA will no longer consider waivers of the *Guide* requirement for a third-party RCS.

PPL Energy Saving Program

PPL Electric Utilities, a utility company that serves 1.4 million customers in 29 counties in central and eastern PA, has partnered with SmartWatt, an energy-efficiency firm that provides turnkey solutions for utilities and commercial clients. Its high-quality installations lower businesses' operational costs through demand-side energy-reduction strategies such as lighting upgrades, lighting control systems, refrigeration upgrades, hot water efficiency measures, and HVAC upgrades.

PPL's new E-Power Master-Metered Low-Income Apartment Program is available to all nonprofit, low-income, master-metered, multifamily buildings in its area. The program can make buildings more efficient by lowering energy costs, reducing energy consumption and educating tenants how to save energy.

The PPL program offers, to qualified buildings, a comprehensive mix of improvements for low-income housing owners, such as free building energy analysis, rebates for various upgrades to common areas and residential units, and interest-free financing. In addition, some measures are installed at no cost in tenant apartments.

A recent example of how the program can benefit nonprofits, is the case of the Lancaster City Housing Authority, where it is estimated that more than $17,000 will be saved in energy costs each year. The Authority received nearly $32,000 from PPL to make major energy efficiency improvements to two of its housing developments.

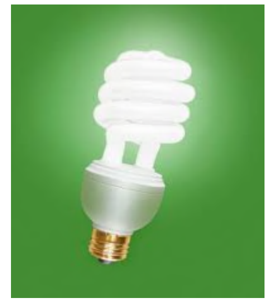
The Authority's incentives covered more than half of the total project costs, and the payback period is estimated to be less than two years. After completing a free energy analysis of two of the authority's developments, the program team determined that implementing lighting upgrades, installing occupancy controls on lighting fixtures and vending machines, and adding smart power strips to office equipment would result in substantial reductions in energy use. The team decided to install high-efficiency fluorescent lighting fixtures and LEDs throughout interior common areas, and compact fluorescent lamps throughout individual residential units. LED wall packs, flood and canopy lights were installed on the exteriors of both buildings. According to EPA calculations, these energy-efficiency upgrades will have the same effect on the environment as removing 294,631 pounds of carbon dioxide or planting 110 acres of trees.

For more details see:

www.pplelectric.com/save-energy-and-money/rebates-and-discounts/business-and-nonprofit/master-metered-apartments.aspx

Or contact SmartWatt directly at: 1-888-580-7915.

Disposal of CFL Bulbs



Compact fluorescent light bulbs use up to 75% less energy, last longer and cost less over time than incandescent bulbs. While they can help to lower energy costs, their disposal poses an environmental problem, with a recycling rate of only 2%.

Many towns, offer hazardous waste clean-up days. You should call your municipal building or check the website.
Another recycling option is stores like Home Depot, Lowes, True Value or IKEA. Wal-Mart has also accepted expired bulbs at take-back events in particular markets and is exploring how to do it consistently on a national level.

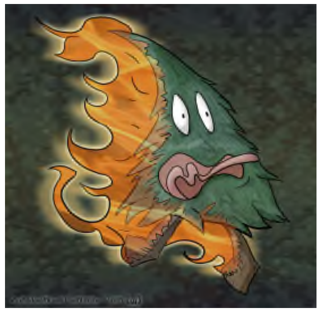
To make recycling even more convenient, the Environmental Protection Agency is looking into putting bulb drop-off boxes at post offices.

The proper disposal of CFL bulbs is necessary because they contain small amounts of mercury, similar to what is found in other common household items like electronics, appliances and pesticides. Its hazardous vapors, however, can harm people and pollute the environment, which is why recycling is encouraged. (In some places it is against the law not to recycle the bulbs.)

The EPA devotes pages of its website to cleanup instructions for broken compact fluorescents. Before even beginning to clean up a spill, consumers are advised to leave the room (along with their pets), open a window and shut off any operating air heating or cooling systems.

This cautionary note, however, must be put into perspective. Home Depot's CFL bulbs, for example, contain 2.3 to 3.5 milligrams of mercury, which is below the National Electrical Manufacturers Association recommendation of 5 milligrams or fewer. It is a small amount, equivalent to the volume of the steel ball in the tip of a ballpoint pen. Most people in their home have 1,000 times more mercury literally in their thermostat, let alone thermometers.

Holiday Tree Safety Tips



Each year, fire departments respond to an average of 210 residential fires caused by Holiday trees. To avoid fires, tenants should follow these safety tips:

Picking the tree

- If you have an artificial tree, be sure it is labeled, certified, or identified by the manufacturer as fire retardant.
- Choose a cut tree with fresh, green needles that do not fall off when touched.

Placing the tree

- Before placing the tree in the stand, cut 1" - 2" from the base of the trunk.
- Make sure the tree is at least three feet away from any heat source, like fireplaces, radiators, candles, heat vents or lights.
- Make sure the tree is not blocking an exit.
- Add water to the tree stand. Be sure to add water daily.

Lighting the tree

- Use lights that have the label of an independent testing laboratory. Some lights are only for indoor or outdoor use, but not both.
- Replace any string of lights with worn or broken cords or loose bulb connections. Connect no more than three strands of mini string sets and a maximum of 50 bulbs for screw-in bulbs. Read manufacturer's instructions for number of LED strands to connect.
- Never use lit candles to decorate the tree.
- Always turn off tree lights before leaving home or going to bed.

After the Holiday

- Get rid of the tree when it begins dropping needles. Dried-out trees are a fire danger and should not be left in the home or garage, or placed outside against the home. Check with your local community to find a recycling program.
- Bring outdoor electrical lights inside after the holidays to prevent hazards and make them last longer.

Choice Neighborhoods

HUD's Office of Policy Development and Research recently released *Developing Choice Neighborhoods: An Early Look at Implementation in Five Sites.*

The interim report, part of an evaluation of the Choice Neighborhoods initiative, provides a preliminary view of the first five Choice implementation sites (i.e., Boston, Chicago, New Orleans, San Francisco, and San Francisco) and includes observations on grantee progress and implementation challenges.

The report can be read in its entirety at:

http://www.huduser.org/portal/pdredge/pdr_edge_research_110413.html

Affordable Housing Best Practices

HUD USER has published a series of best practice examples based on federal, state and local strategies that increase affordable housing opportunities, apply sustainable features and practices, and increase access to public transportation.

The projects featured in these reports have demonstrated innovation through a multitude of partnerships and initiatives. Each report outlines a project's objectives and the development strategies used to achieve them.

The best practices reports can be found at:

www.huduser.org/portal/bestpractices/home.html

Location Affordability

HUD, along with the U.S. Dept. of Transportation, has launched the Location Affordability Portal (LAP), a cost calculation tool that allows users to estimate housing and transportation costs for neighborhoods across the country. The LAP will help consumers and communities better understand the combined costs of housing and transportation associated with living in a specific region, street, or neighborhood and make better-informed decisions about where to live, work, and invest.

The LAP hosts two cutting-edge data tools: the Location Affordability Index (LAI) and My Transportation Cost Calculator (MTCC). The map-based LAI is a database of predicted annual housing and transportation costs for a particular area. The Cost Calculator, a companion to the LAI, allows users to customize data for their own household and potential residential locations.

HUD and DOT have analyzed the LAI data to better understand how housing and transportation costs vary between neighborhoods and across regions, and how land use, infrastructure investment, neighborhood characteristics, and demographic factors ultimately impact household budgets.

The core finding of the LAI is that the way communities are built and connected to one another has significant impacts on how much resident households spend on transportation. At the neighborhood level, factors like the density of residential development, access to transit and jobs, and street connectivity strongly influence household travel behaviors and costs. At the regional level, sprawl is the strongest indicator of average transportation costs, with households in higher density areas having lower transportation costs.

For more information about the Location Affordability Portal, please visit: www.hud.gov/locationaffordability

Be a Reporter

If you have an interesting story about your project and would like to see it featured in a future issue of *Philadelphia Multifamily Hub News,* send it to:

thomas.langston@hud.gov.

SSI Benefit Increase

Monthly Social Security and Supplemental Security Income (SSI) benefits for nearly 63 million Americans will increase 1.5% in 2014, the Social Security Administration announced last month.

The 1.5% cost-of-living adjustment (COLA) will begin, with benefits that more than 57 million Social Security beneficiaries receive, in January 2014. Increased payments to more than 8 million SSI beneficiaries will begin on December 31, 2013.

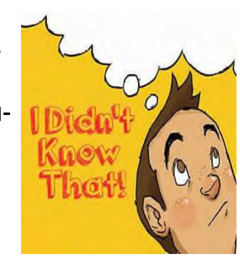
Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to $117,000 from $113,700. Of the estimated 165 million workers who will pay Social Security taxes in 2014, about 10 million will pay higher taxes as a result of the increase in the taxable maximum.

Information about Medicare changes for 2014 is available at: www.Medicare.gov.

The Social Security Act provides for how the COLA is calculated. To read more, please visit: www.socialsecurity.gov/cola.

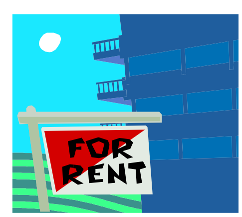
Fast Housing Fact

Renter-occupied units by structure type in 2011 were: 1-4 Units– 53%, 5-49 units– 31%, 50+ units– 12%, and manufactured homes– 4%. (Source: U.S. Census Bureau, 2011).



Loan Closings

The following loans closed during the month of November:



Insured– NJ: Essex Plaza I; and WV: Lewisburg Housing.

Section 202- PA: Wynnefield Plaza and Fairthorne Housing.