

# PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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[www.hud.gov/local/shared/working/fr3/mfhsg.cfm?state=pa](http://www.hud.gov/local/shared/working/fr3/mfhsg.cfm?state=pa)

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### FY 12- A Record Year!

HUD initially endorsed 1,247 FHA-insured loans, totaling \$12.2 billion, in FY 12. This reflects a steady rise since FY10 and a significant increase since FY 09, as reflected by the following:



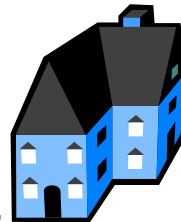
FY 11- 1,143 loans; \$11.6 billion  
FY 10- 902 loans; \$10.3 billion  
FY 09- 379 loans; \$3.0 billion

Similarly, HUD processed nearly \$5.5 billion of senior housing loans in 2012 through its Section 232 LEAN program, with volume skyrocketing more than 66% above last year’s \$3.3 billion record. (Note- The volume was \$2.5 billion in 2010).

HUD’s LEAN program became the largest single source of debt capital to the senior housing industry with 706 loans closed, led by Columbus, Ohio-based Lancaster Pollard.

### Tax Credit Pilot Program

Multifamily’s Low Income Housing Tax Credit (LIHTC) pilot program has issued its first firm commitment, with Villa Vasona, a 107-unit project located in Los Gatos, CA.



The pilot program is designed to better align the unique requirements that come with LIHTC deals to those in the lender application process.

In the past, HUD processing or lender underwriting would extend past mandated deadlines, making it more difficult to create affordable apartments. The multifamily pilot program is testing a new

track for more timely processing.

Villa Vasona was built in 1983 with a Section 221(d)4 loan and is restricted to elderly residents and persons with disabilities. The property serves extremely low and low-income residents, and has a Section 8 contract that covers 100% of the units.

### HUD Audit



For the 13th consecutive year, HUD received an unqualified, or “clean,” audit opinion. FHA and Ginnie Mae also received unqualified opinions on their financial statements.

These favorable financial audit results affirm our continued commitment to financial and management excellence.

### Phila. Lead Paint Disclosure Law

On Dec. 21, 2012, the Lead Paint Disclosure and Certification Law for Phila. Landlords went into effect. The goal of the new law is to prevent all children who live in Philadelphia rental properties from becoming lead poisoned. The law states that upon turnover, before renting any house or apartment built before 1978, to new tenants with children aged 6 years and younger, the landlord must: 1. certify the property is lead safe or lead free, 2. provide the tenant with a copy of a lead safe or lead free certificate, and 3. provide the Department of Public Health with a copy of the lead safe or lead free certificate, signed by the tenant.

For a guide on how to comply, follow this link:

<http://www.phila.gov/health/childhoodlead/LeadPaintLaw.html>



2013

### New EIV FastForms CD Update

In October, HUD released a scheduled update to the Enterprise Income Verification System (EIV). See:

[www.rbdnow.com/documents/hudblast/email%20blast%20103012.htm](http://www.rbdnow.com/documents/hudblast/email%20blast%20103012.htm)

This update added a second option for the New Hires Report, changed the name of the No Income Report to No Income from HHS or SSA and added a new No Income on 50059 report.

HUD has provided no new instructions regarding the use of these two reports. However, HUD does state, in Housing Notice 11-21, that project owners and management agents must use EIV in its entirety and must have written policies to describe how each EIV report is used.

In response, HUD has updated the EIV Fast Forms CD - which includes two sample EIV Use Policies- to include information about use of these reports and about use of the "Pending Verification" Report introduced last May. The EIV FastForms CD update also includes enhancements to existing forms and checklists suggested by our customers.

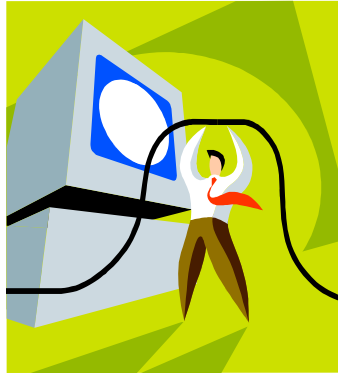
If you have already purchased a previous version of the EIV FastForms CD, you may purchase the update for \$150. If you have never purchased an EIV FastForms CD, but you would like to acquire EIV Use Policies and supporting documents for your management company, the CD is \$250.

For additional information or to order the CD, visit the following website at: <http://www.rbdnow.com/formscdinfo.htm>

### Interesting Stories

If you have an interesting story and would like to see your project featured in an upcoming newsletter, please send it as a Word document (photos can be included) to:

[thomas.langston@hud.gov](mailto:thomas.langston@hud.gov)



### NAHMA Award Winner

Walter Kreher, Director Newark Program Center, was selected as the recipient of the 2012 NAHMA Industry Partner Award.



The NAHMA Industry Partner Award is presented annually to a government agency or other affordable housing organizational partner that has made a significant contribution to the cause of affordable housing. In particular, Mr. Kreher was recognized for his career-long support and partnership with JAHMA and NAHMA members that has promoted decent, safe, and quality multifamily affordable housing for the residents of New Jersey.

Mr. Kreher will be honored during the NAHMA Industry Awards Ceremony that will take place at the NAHMA 2013 Winter meeting, on March 25, 2013, in Washington, DC.

Congratulations to an outstanding HUD employee!

### PennDel AHMA Recognized

The PennDel AHMA will be the recipient of the following two prestigious 2012 AHMA awards:

- AHMA Communities of Quality Program Award- Small AHMA category
- AHMA Innovation Award- Small AHMA category

PennDel AHMA has been truly instrumental in furthering the cause of excellent affordable housing and maintaining the highest standards in the industry!

It will be honored during the NAHMA Industry Awards Ceremony that will take place at the NAHMA 2013 Winter meeting (see above).



### Use Agreements & LIHPRHA

On November 21, 2012, HUD published Housing Notice 2012-25, *Policy for Amended and Restated Use Agreements for Multifamily Projects Subject to the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA)*.



HUD oversees hundreds of properties that participated in the LIHPRHA program in the early 1990s. Today, many LIHPRHA properties are in need of additional repair and modernization to ensure they remain viable for current and future residents.

This Notice was developed to provide guidance on circumstances under which HUD will consider amending and restating a property's LIHPRHA Use Agreement to facilitate preservation transactions, particularly where Low-Income Housing Tax Credits are involved.

It will provide a new tool for qualified owners and purchasers of LIHPRHA projects to recapitalize these properties and preserve their long-term viability as affordable rental housing.

### PCNA Housing Notice

On November 21, 2012, HUD published *Revised Requirements for Project Capital Needs Assessments, Estimated Reserves for Replacements and Remedies for Accessibility Deficiencies*.

This Notice clarifies portions of Risk Mitigation Guidance concerning Project Capital Needs Assessment (PCNA) reports and requirements for sizing initial and annual contributions to Reserves for Replacements. Appendix 5G of the MAP Guide<sup>1</sup> is modified to implement risk mitigation measures and to align PCNA guidance for the multifamily insurance programs. A single scope of work is defined for PCNA reports for all applications under Sections 223(a)(7) and 223(f), for 10-year PCNA updates and for other Office of Multifamily Housing uses of PCNA reports. Accessibility requirements are clarified and re-emphasized.

Both of the above Notices can be read in their entirety 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)

### Fair Housing Demonstration Project in Southeast PA

Deputy Secretary Maurice Jones announced, on November 29, 2012, that \$500,000 was awarded for a demonstration project in southeast Pennsylvania to reform practices within the Housing Choice Voucher program that reinforce the concentration of poverty and limit opportunities for families.



Deputy Secretary Jones made the announcement at an awards ceremony held by the Southeastern Pennsylvania First Suburbs Project and Building One Pennsylvania. The organization is comprised of local elected, faith and civic leaders who have joined together to stabilize and revitalize their communities, reinvigorate local economies, and promote regional opportunity and sustainability.

The goals of the housing mobility program are:

1. To recruit new landlords and open up rental housing in higher opportunity towns to very low-income families who are effectively excluded by HUD's current rent ceilings for housing vouchers (data on school achievement and local employment availability is used to define "high", "medium" and "low" opportunity towns).
2. To give families the information and assistance they need to make better housing choices.
3. To stabilize fiscally challenged towns with declining job markets and struggling schools in which very low-income families are increasingly concentrated by HUD's current housing choice voucher practices.

### Utility Programs & Energy Efficiency

The American Council for Energy-Efficient Economy (ACEEE) is partnering with CNT Energy to actively engage utilities and housing groups to implement comprehensive programs to reduce energy use in multifamily buildings within their service areas.

Current programs have shown that that energy retrofits can improve the efficiency of buildings by 30% for natural gas and by 15% for electricity. At 2010 average energy prices, this level of savings would translate into a \$3.4 billion annual cost savings. This is significant for the future because utility programs for energy efficiency improvements are expected to increase from \$7 billion in 2011 to \$16.8 billion by 2025.

For more information go to: [www.aceee.org/](http://www.aceee.org/)

### **EnergySense Conservation Program**

Philadelphia Gas Works (PGW) has available rebates up to \$8,400 for the purchase of individual, commercial-sized, high-efficiency natural gas heating and cooking equipment.

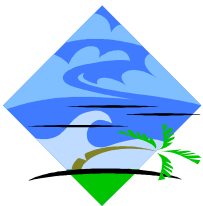
Also, assistance and incentives are available for the comprehensive retrofit of projects (up to \$75,000), as well as new construction.

For further information and applications, visit:

[www.PGWEnergySense.com](http://www.PGWEnergySense.com), or call (215) 684-6598..



### **Floods**



Many property owners are still coping with the aftermath of flooding from Superstorm Sandy.

The Centers for Disease Control and Prevention (CDC) has a very informative website on floods. It covers the following topics: Before the Storm, After the Storm, Worker Safety, Water Safety, and Learning and Awareness.

The website address is as follows:

[www.bt.cdc.gov/disasters/floods/](http://www.bt.cdc.gov/disasters/floods/)

### **FY 13 Income Limitation**



The FY2013 income limits published by HUD, on December 4, 2012, have been replaced with revised income limits on December 11, 2012. Because of the revision, the policy for implementing the FY2013 income limits is as follows:

- If an owner has not yet implemented the FY2013 income limits published either on 12/4/2012 or on 12/11/2012, the owner has 45 days from 12/11/12 to implement the 2013 income limits published on 12/11/2012.
- If an owner implemented the FY2013 income limits published on 12/4/2012, but not yet implemented the FY2013 income limits published on 12/11/2012, the owner must either:

1. Immediately implement the 2013 income limits published on 12/11/2012; or
2. Revert back to the 2012 income limits and implement the 2013 income limits published on 12/11/2012 within 45 days.

If an owner has implemented the FY2013 income limits published on 12/11/2012, he may continue to use these income limits.

### **Timing of Income Eligibility**

HUD has clarified the general policy relating to the timing of income eligibility of prospective tenants.

Specifically, what happens to an applicant eligible to be housed from the waiting list, based on the prior year's income limits, if new income limits are published prior to occupancy which would make the applicant ineligible?



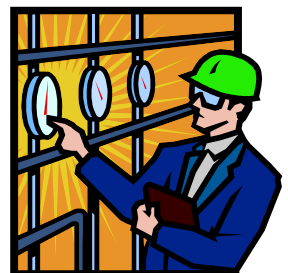
HUD Handbook 4350.3 REV-1, paragraph 3-6.C.2 states "Owners determine income eligibility prior to approving applicants for tenancy. Owners compare the family's annual income to the appropriate income limit prior to placing an applicant on the waiting list. However, owners may wait until a unit is available to verify the applicant's income eligibility."

Following this guidance in the Handbook, if a unit becomes available and an applicant is selected from the waiting list, is processed for eligibility, and meets all eligibility requirements at the time of processing, the applicant is eligible to move-in to the project *even if new income limits have been published.*

### **Recording Gas & Electric Meter Readings**

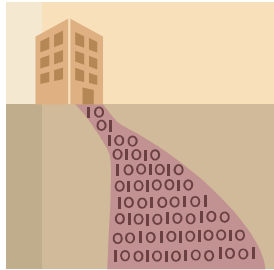
To insure that heating systems are operating at their peak efficiency this winter, gas and electric meter readings should be recorded daily.

This simple task will allow maintenance staff to catch problems, like a stuck damper, immediately, to avoid unnecessary increases in utility usage and costs.



## National Housing Preservation Database

NLIHC has partnered with the Public and Affordable Housing Research Corporation (PAHRC). To create a national database of affordable housing. The data includes information on more than 4.5 million units in more than 75,000 federally assisted properties.



Users across the country can now access one central location to find information on properties receiving assistance from any of the following programs: HUD Project-Based Rental Assistance (including properties with Rent Supplement, Rental Housing Assistance Program, and Project Rental Assistance contracts); Section 202 Direct Loan Program for Housing for the Elderly or Handicapped; HUD insurance programs (such as the Section 236 or Section 221(d)(3) Below Market Interest Rate programs); Low-Income Housing Tax Credit Program; HOME Rental Assistance; Section 515 Rural Rental Housing Loan; the Guaranteed Rural Rental Housing Program (Section 538); and public housing.

The database allows users to access information in multiple formats. The "Preservation" tool searches the database by property name or by subsidy type and location. The "Research" tool allows users to download the entire dataset into Excel. This extract provides the full property-level inventory, including all property and subsidy information for every property in the database. Finally, users can activate the "Mapping" tool to view a map of all of the properties in the database.

PAHRC and NLIHC will update the dataset three times a year- in March, July, and December- to keep the data as accurate and current as possible. Users have several options for providing feedback on the website and its data, and this input will help the developers to continually improve the website.

For more details, see:

[www.huduser.org/portal/pdredge/pdr\\_edge\\_hudpartrpt\\_120712.html](http://www.huduser.org/portal/pdredge/pdr_edge_hudpartrpt_120712.html)

## U.S. Market Report

HUD recently released the 3rd 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 September 2012, the following occurred:

- Multifamily building activity, as measured by the number of units permitted, increased 87% in PA , (4,000 units), 36% in WV(230 units), and 200% in DE (1,150 units).
- Vacancy rates increased, from 2.6% to 4.2% in the Philadelphia metro area, and declined from 2.3% to 1.9% in Center City Philadelphia for Class A high-rises.
- Vacancy rates decreased from 4.3% to 3.8% in Northern NJ, and from 3.4% to 2.7% in Central NJ.
- Avg. monthly rents remained unchanged at \$1,600 for the Philadelphia metro area and decreased slightly to \$2,155, for Center City Philadelphia.
- Avg. monthly rents increased 2% to \$1,568 in Northern NJ and 3%, to \$1,203, in Central NJ.

To read the entire report, see:

[www.huduser.org/portal/periodicals/ushmc/fall12/index.html](http://www.huduser.org/portal/periodicals/ushmc/fall12/index.html)

## Boiler Maintenance

Proper boiler maintenance can avoid unnecessary energy waste. By following a few simple steps, your system can be operated in a safe and efficient manner:



- Make sure that the tubes and traps are clean and clear.
- Prevent corrosion by de-aerating the water in the system to get rid of dissolved gases.
- Check for air leaks around the boiler seals, at the ends of tube bundles,, and at access doors.
- Make sure that the fuel-air ratio is set at optimum levels. (can be checked with a flue gas analyzer).
- Make sure that the seals are tight on all of the mechanical devices (i.e., gauges, safety interlocks, valves, pumps, burners, fans, and ash-handling units).

### **“Green” Assisted Housing**

As part of its commitment to increase the energy efficiency of its assisted-housing stock, HUD is sponsoring a series of research studies to inform its efforts to go green. One study, “An Evaluation of Affordable Housing Using the National Green Building Standard,” identifies the incremental actions and costs of bringing existing HUD-assisted housing units into compliance with the National Green Building Standard (NGBS).



NGBS has four green rating levels ranging from Bronze (the lowest) to Silver, Gold, and Emerald (the highest) based on each of six categories of green features that provide economic benefit to inform homeowners or the surrounding community: lot design, preparation, and development; resource efficiency; energy efficiency; water efficiency; indoor environmental quality; and operation, maintenance, and building owner education.

To evaluate designs used for HUD-assisted housing units and determine how to make them greener, researchers selected a sample of affordable housing units supported with HOPE VI, HOME, and Alternative Housing Pilot program funds for analysis. The study evaluated single-family, multifamily, and disaster relief housing. Researchers focused their assessments on the architectural designs and specifications of these units, which were located in four different climate zones and six states.

The first step was to give each housing design a baseline green rating. After researchers determined the baseline rating, they selected green products or practices that could incrementally improve the design to satisfy the requirements of each level in the NGBS rating system. The research team made these selections while adhering as much as possible to both the original design and the most affordable improvements. To receive a rating, the design needed to meet the mandatory NGBS practices as well as threshold requirements for all of the green categories.

For each green product or practice used to bring a design into compliance with each of the six NGBS ratings, the total cost was calculated by estimating the cost of the green product(s); labor; and any related operating, maintenance, and replacement expenses. Whenever possible, cost savings that the green product or practices could be expected to generate were identified, as were any benefits that would be likely to accrue in terms of reduced environmental impact, exposure to

pollutants, and waste.

After applying this assessment and green rating process to eight different affordable house designs and four multifamily apartment units in HUD’s assisted housing stock, researchers found that achieving compliance with a green standard is possible with modest design enhancements and an investment of up to \$3,600 per unit. Although green construction methods are beneficial at any stage—design, construction, or renovation, the best approach is to integrate them during the earliest stages of a building project.

In particular, the researchers recommended that affordable green housing designs be improved with the use of construction practices that minimize physical waste (for example, using factory-assembled wall sections), durable materials that require little maintenance, and products incorporating more than one green element, such as cabinets made from recycled materials with no (or low) formaldehyde emissions.

Other recommended improvements included greater use of Energy Star-rated appliances and low-flow plumbing fixtures that could be added at little or no cost. Finally, the designs could be improved by optimizing the overall house design and the interconnectedness of many green practices. Examples include installing ductwork inside conditioned space to improve energy and resource efficiency and ensuring that energy-efficiency plans incorporate indoor air quality and moisture management features.

For additional details, see:

[www.huduser.org/portal/pdredge/pdr\\_edge\\_research\\_120712.html](http://www.huduser.org/portal/pdredge/pdr_edge_research_120712.html)

### **Loan Closings**



The following FHA-insured loans closed during the month of December: Insured- PA: Greenfield Commons, Lebanon Village Apartments, Gloria Dei Plaza, and Hempfield South Apartments; and WV: Charleston Arbors.