

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



Vol. 13 No. 2 Teresa Bainton, Acting Hub Director Thomas.Langston@hud.gov, Editor November 2013



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

Inside this Issue:

NAHRO Award.....Pg. 1

City Land Bank.....Pg. 1

Scanned Documents.....Pg. 2

Civil Money Penalties.....Pg. 2

Filing HUD 2530s.....Pg. 2

Fast Housing Facts.....Pg. 2

Prevent Dryer Fires.....Pg. 3

Fast Housing Facts.....Pg. 3

DSHA Fund.....Pg. 4

PA Housing Locator.....Pg. 4

M2M Assumption/Subordination.....Pg. 5

Research Tools & Planning.....Pg. 5

Loan Closings.....Pg. 5

Luther Towers Picnic.....Pg. 6

Scholarship Winner.....Pg. 6

Affordable Housing Web Map.....Pg. 6

Be a Contributor.....Pg. 6



NAHRO Award

Jane Vincent, Regional Administrator, Region III, has been selected as the 2013 recipient of the prestigious M. Justin Herman Memorial Award from the National Association of Housing and Redevelopment Officials (NAHRO).



NAHRO is the nation's leading affordable housing and community development advocacy organization.

The M. Justin Herman Memorial Award is NAHRO's preeminent honor and is bestowed on one recipient each year. It is awarded to an individual who has made outstanding contributions to bettering lives through service in the field of housing or community development and is made on the basis of extraordinary accomplishments and contributions.

NAHRO's highest and most prestigious award was developed to honor an exceptionally qualified person who has made outstanding contributions to the quality of life through service in the field of housing or community development. Awards will be made on the basis of extraordinary accomplishments and contributions.

The award was established in 1975 in the name of M. Justin Herman to provide a living acknowledgement for the standard of excellence he

made to the beauty and vigor of San Francisco. Each nominee must have demonstrated an outstanding contribution to the nation's effort to provide "a decent home and a suitable living environment for every American family."

"It's really an unexpected honor to be nominated – let alone selected -- as this year's recipient," said Ms. Vincent. "I've learned so much along the way from peers in every part of the industry, including here at HUD. This honor is more about what we all accomplish together on behalf of the people we serve than any one individual."

City Land Bank

Preliminary approval has been given by a Philadelphia City Council committee to a bill that would create a city land bank.

The bank would act as a clearinghouse for the 10,000 parcels (40,000 vacant) of city-owned land. The bank would benefit residents, developers and leaders who find it difficult to navigate the myriad of city agencies that control real estate.

The plan is to sell the parcels for nominal value for the purpose of creating affordable housing and jobs, as well as to increase the city's population.

If passed by the city council, the legislation would establish an online database listing the available land, its price tag and history of each property. Before a sale, the bank would require approval from the council and the City's Vacant Property Review Committee.

Andrew Sharp, A member of the Land Bank alliance, said that "the land bank would create a transparent, accountable, (and) predictable process for folks who want to invest in land and who want to rebuild neighborhoods."

Scanned Documents

A contract has been awarded to Weems Design Studio to scan and upload all of HUD's multifamily documents over the next two years. The contract is the result of ongoing efforts to update and modernize the Office of Multifamily Housing and improve communications with the field.



After all existing documents have been scanned, a system will be setup so that ongoing documents will be scanned by the contractor. All scanned documents will be housed on a centralized searchable system allowing HUD staff to quickly locate records by iREMS number and document type.

Civil Money Penalties



In August 2012, a pilot program was launched, between HUD's Business Relationships and Special Initiatives (BRSI), the Real Estate Assessment Center (REAC), and the Departmental Enforcement Center (DEC), to assess civil monetary penalties (CMPs) against properties with substandard physical inspection scores.

Since that time, the DEC has issued two pre-penalty notices to date. As the pilot proceeds, HUD is moving toward establishing the protocol on a permanent, nationwide basis. In the new protocol, HUD is exercising existing legal authority to send pre-penalty notices to property owners to notify them that HUD can assess penalties if the property is not maintained in a decent, safe, and sanitary manner.

Specifically, under the process, REAC will identify property owners with failing physical inspection scores (i.e., less than 30 but could be higher) and automatically refer them to the DEC. The assessment will come as a pre-penalty notification letter to the property owner. A copy will be provided to the lender, if applicable. The DEC will then work with the owner to improve the property. If the owner fails in this effort, the CMP assessment will be enforced. The results from this pilot are being tracked by both BRSI and DEC, and adjustments will be made to the program as it proceeds.

A nationwide rollout may be announced shortly. Any

national effort will be launched with the issuance of a notice to the public that HUD will be undertaking this effort.

Filing HUD 2530s

Owners and management agents are required to submit a Form HUD 2530, Previous Participation Certificate, for all new construction and substantial rehabilitation projects.



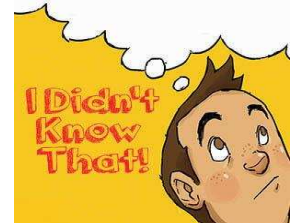
But did you know that a Form HUD 2530 must also be submitted to the local HUD office when any of the following events occur?

- An application is made to refinance or rehabilitate an existing property.
- A change has occurred in the ownership structure that must be disclosed to HUD.
- An additional role is to be assumed in a property in which an owner or management agent already participates.

In such cases, the local HUD office will check to see if the 2530 package is complete, certified, signed, and dated, and that any outstanding flags have been resolved. If there is a default, foreclosure, suspension, or debarment, the 2530 application must be forwarded to the Policy and Participation Standards Division in Headquarters for review.

Fast Housing Facts

- Demographic and economic shifts are expected to increase the number of renter households, from 360,000 to 470,000, every year from 2010 to 2020, reaching a total of more than 3.6 million new renter households by 2020. (Source: *Evidence Matters*, Summer 2013).
- From 2000 to 2010, the number of renter households earning \$15,000 or less annually grew by 2.2 million. (Source: Joint Center for Housing Studies of Harvard University).
- Between 1990 and 2010, asking rent for new apartments climbed 7.5%, while median renter income fell 7.7%. (Source: Joint Center for Housing Studies of Harvard University).



Prevent Dryer Fires

Dryers and washing machines were involved in one out of every 22 home structure fires reported to U.S. fire departments in 2006-2010.



In 2010, an estimated 16,800 non-confined or confined home structure fires that were reported involved clothes dryers or washing machines. These fires resulted in 51 civilian deaths, 380 civilian injuries and \$236 million in direct property damage. Clothes dryers accounted for 92% of the fires, washing machines 4%, and washer and dryer combinations 4%.

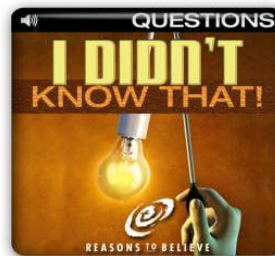
The leading cause of home clothes dryer and washer fires was failure to clean (32%), followed by unclassified mechanical failure or malfunction (22%). Eight percent were caused by some type of electrical failure or malfunction (Source: National Fire Protection Association).

To prevent dryer fires, you should take the following actions:

- Avoid the use of flexible dryer ducts made of foil or plastic. They are the most problematic because they can sag and let lint build up at low points. Ridges can also trap lint. Instead, use metal dryer ducts to help prevent dryer fires. *Consumer Reports* says that metal ducts, either flexible or solid, are far safer because they don't sag, so lint is less likely to build up. In addition, if a fire does start, a metal duct is more likely to contain it.
- Do not use the dryer without a lint filter and make sure you clean the lint filter before or after each load of laundry. Remove lint that has collected around the drum.
- Clean the exhaust duct regularly. In addition, remove the visible lint from the lint screen each time you use your dryer. This not only will reduce the risk of a fire, but your clothes will dry faster and your dryer will use less energy. If dryer film is a worry (caused by fabric softener sheets), you should also scrub the lint filter with warm soapy water every 6 months.
- Clean inside, behind, and underneath the dryer, where lint can also build up.

- Make sure the air exhaust vent pipe is not restricted and the outdoor vent flap will open when the dryer is operating.
- Take special care drying clothes stained with volatile chemicals such as gasoline, cooking oils, cleaning agents, or finishing oils and stains. Wash the clothing more than once to minimize the amount of these chemicals on the clothing, and line dry instead of using a dryer.
- Avoid using liquid fabric softener on all-cotton clothing made of fleece, terry cloth, or velour. In flammability tests, liquid fabric softener added to rinse water accelerated the burning speed of these fabrics. If you want a softener, use dryer sheets instead.
- Buy dryers that use moisture sensors rather than ordinary thermostats to end the auto-dry cycle. Thermostats can allow the dryer to run longer than necessary.
- Occasionally wipe the sensor with a soft cloth or cotton ball and rubbing alcohol to keep it functioning accurately. Sensors are usually located on the inside of the dryer, just below the door opening, and can be hard to find. They are usually two curved metallic strips, shaped somewhat like the letter "C".
- Make sure the right plug and outlet are used and that the machine is connected properly.
- Follow the manufacturer's operating instructions and don't overload your dryer.
- Turn the dryer off if you leave home or when you go to bed.

Fast Housing Fact



The U.S. was home to 9.9 million low-income renters in 2010. at the same time, there was a shortfall of 5.1 million rental units in adequate physical condition and affordable to these households. (Source: U.S. Census Bureau. American Community Survey, 2007-2011).

Delaware Housing Development Fund

Preservation is an important focus for Delaware's Development Fund, given the high demand for and limited supply of units affordable to low-income families. According to a 2012 report on housing affordability in the state, only 33 affordable units are available for every 100 households earning at or below 30% of the area median income. Moreover, between 2000 and 2008, the state lost more than 9,400 affordable rental units while gaining nearly three times as many high-end units.



The Development Fund provides the gap financing needed to fully use the small state minimum low-income housing tax credit (LIHTC) allocation of around \$2.5 million that Delaware receives. "We are able to provide up to \$45,000 per unit in soft financing (or a total of \$2.75 million, whichever is less) which makes preservation deals possible," noted Susan Eliason, who oversees the fund as the Director of the Delaware State Housing Authority. She notes that preservation deals, although slightly less expensive than new construction, are "still expensive to do, and we have found that our financing is about one-third of the cost, along with the tax credit equity and the permanent (amortizing) financing." Between 2008 and 2012, most of Delaware's LIHTC deals were rehabilitation projects rather than new construction. During this period, Delaware preserved approximately 1,100 units of rental housing."

The Development Fund's money not only helps provide the financing to get a project started but also attracts other public and private funding sources. According to the housing authority, "from FY 2008-FY 2011, \$19.5 million in additional Development Fund allocations leveraged other federal and private resources to rehabilitate 11 sites (893 units), preserving \$225 million in federal subsidies for Delaware." In 2011, the Delaware legislature allocated an additional \$10 million from capital budget monies to a separate preservation fund within the Development Fund. These additional funds were awarded as part of an incentive package to create and retain jobs and expand economic opportunities in the state. "We know from our economic impact analysis that every dollar invested in housing generates \$7.00 in additional economic activity, so the state's investment in preserving multifamily housing will not only address the state's affordable housing needs, but will also have a significant impact on jobs," said Ken Smith, Executive Director of the Delaware Housing Coalition."

Preserving the nation's existing supply of affordable housing is critical to helping low-income families meet basic needs. Public,

committing resources to support preservation of this stock.

Supported by dedicated public revenues, the state housing trust fund in Delaware provides flexible financing in the form of loans and grants for the creation and preservation of low-income rental and ownership housing. This fund is highly responsive and is very effective at leveraging other public and private monies for preservation projects. It offers a viable solution that can be tailored to local circumstances and address the intricate challenges of affordable housing preservation.

Housing Listing and Locator for PA

PHFA has a statewide housing listing and locator for Pennsylvania- PAHousingSearch.com. It provides fast access to up-to-date housing information across PA and offers free advertising for property providers. Launched in early 2011, this service has experienced tremendous growth and success and even served as a pivotal part of disaster-housing recovery after the 2011 floods.



Listings include maplinks and can showcase properties with photos and information about rent, utilities, eligibility requirements, neighborhood amenities, and much more. Other useful features include "cloning" tools to list multiple units fast, search stats, and an "online postings generator" to help increase the reach of listings using other online classifieds. A listing can remain live until no longer available; no re-listing is necessary to make sure it is visible to housing seekers. And when rented, a listing can be removed from public view immediately to help avoid extra calls.

PAHousingSearch.com is multilingual, meets web accessibility standards, and is fully supported by a toll-free call center, meaning it can be a helpful resource for affirmative marketing. Because of the call center, even landlords and renters with no access to the Internet can take full advantage of this service.

PAHousingSearch.com is sponsored and supported by the Pennsylvania Housing Finance Agency, Pennsylvania Emergency Management Agency, Pennsylvania Department of Public Welfare, the Pennsylvania Department of Community & Economic Development, and the Professional Affordable Housing Management Association.

Visit www.PAHousingSearch.com or call toll free: 1-877-428-8844 (Monday - Friday, 9 AM-8 PM).

M2M & Assumption/Subordination Process

The primary objective of an Mark-to-Market (M2M) rent and debt restructuring is to reposition a property financially and physically to provide long-term affordable housing, with the resources available to operate the property. M2M allows HUD to restructure the debt that is FHA-insured or Secretary-held on certain properties with above market project-based Section 8 contract rents. At the conclusion of an M2M rent and debt restructuring, above-market rents are reduced to comparable market rents and generally, an owner obtains a new first mortgage loan that is supportable at those market rents.



M2M underwriting incorporates statutory requirements designed to encourage owners to operate their restructured property efficiently and undertake needed repairs. The underwriting establishes reserves to maintain the property through repair escrows and increased reserve deposits, and incorporates a debt service coverage cushion. The result of a successful restructuring is a property that is financially and physically viable at market rents, benefiting the owner, tenants and other stakeholders.

To achieve these goals, generally, the existing mortgage is refinanced with a new, first mortgage loan, sized to be serviceable by the market rents and HUD pays off the existing FHA-insured first mortgage through a claim on behalf of the property owner under the existing mortgage insurance contract. An owner's obligation to repay the claim is evidenced by an Mortgage Restructuring Note (MRN) and/or a Contingent Repayment Note (CRN), or a Demo Note. The existing repayment terms of the MRN, CRN, and Demo Notes include a "due on sale or refinance" clause. In order to transfer a property and allow an Assumption and/or Subordination, or to refinance a property and allow a Subordination to the new financing, an owner must obtain a waiver of the due on sale or refinance clause from OAHP if the Notes are not fully satisfied as part of the transaction.

HUD has created "Guidelines for Assumption, Subordination, or Assignment of Mark-to-Market (M2M) Loans in Transfer of Physical Assets (TPA) and Refinance Transactions." Notice H 2012-10 issued in May 2012 updates and restates the original Notice dated, September 30, 2010. The Guidelines apply to any request to assume and/or subordinate a loan evidenced by a Note originated under M2M, or its predecessor program, the Portfolio Re-engineering Demonstration Program (Demonstration or Demo Program), and to waive the

Due on sale or refinance clause contained therein. The Guidelines also apply to any Request to provide Debt Relief (assignment, modification or forgiveness) with respect to a Note originated under the M2M program.

The Guidelines contained in the Notice are effective immediately for all such transactions. A key change in the Notice is the removal of the 3-year limitation for debt relief and with this change there are no limits on authority. To date, OAHP has completed 69 deals representing 6600+ units since the rule has been lifted.

To view the Guidelines in their entirety visit the following website:

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

Research Tools & Affordable Housing Planning

Multi-layered databases and spatial mapping programs are helping housing and urban policy research centers to better understand the nation's current stock of privately owned and publicly subsidized housing.



The Subsidized Housing Information Project (SHIP) developed at New York University and the Housing Suitability Model built at the University of Florida are using layered data and sophisticated mapping tools to identify at-risk properties and evaluate the location of affordable housing in relation to other sustainability priorities, such as employment centers, transit stops, and other neighborhood amenities.

To read more about these useful tools, see:

<http://www.huduser.org/portal/periodicals/em/summer13/highlight2.html>

Loan Closings

The following two FHA-insured loans closed during the month of October 2013:

Somerset Villas
(Philadelphia Program Center)



St. Thomas More Manor (Pittsburgh Program Center).

Luther Towers Picnic

Residents of Luther Towers I and II, two Section 202 projects consisting of 362 units in Wilmington, DE, celebrated the Wild Wild West at their annual October picnic. The staff donned their hats and boots and a



few people, like Lutheran Senior Services Executive Director John Teoli and Board President Phil Keller, wore their sheriff badges for the day. John Wayne even made an appearance as a cardboard figure with which residents posed for pictures.

The projects offer affordable senior housing and assisted living for those 62 years of age and older. Many residents turned out to be served hot dogs, hamburgers, potato salad, baked beans and fruit for the lunch. It is customary during the annual picnic for elected officials to stop by and visit with the seniors. Wilmington Mayor Dennis Williams and representatives from Senator Chris Coons' office were among the elected officials who chatted with the seniors.

Newcomers to the picnic this year included the Bayada Health Care team. Luther Towers recently formalized a partnership with the health care group. As a result, a nurse along with physical, occupational and speech therapists and a social worker will be onsite to serve the needs of residents in both buildings.

The service coordinator says on site health care seems to be a trend adopted by for-profit organizations and she thinks low income seniors should have the same care. The Bayada Health Care team is training other members of their organization at the Luther Towers communities and when two or more health care workers are needed, Bayada can call on other team members. Executive Director Teoli says the University of Delaware's School of Nursing permits its students to work at the senior housing community. Whisker says she's hoping to provide a physical activity program in the future as an addition to the other services they provide including a beauty shop, a restaurant and a mini-mart convenience food store on site and free transportation to shopping, banks, medical appointments and local concert events.

Encarnacion Loukatos Scholarship Winner

Kris Hilliard, a previous winner of a \$2,500 NAHMA scholarship (see August 2013 newsletter), has won the \$2,000 Encarnacion Loukatos scholarship.



Ms. Hilliard has lived at Zephyr Apartments (managed by Interstate Realty Management) in Whitehall, PA for 4 years. She writes, "I am attending Lehigh Carbon Community College and Baum School of Art. I am about half way to my Associates in Fine Art.

My focus is photography. I am working in black and white film medium, with an interest in portraiture. I am in my fifth semester with my professor, world-renowned Lydia Panas. I am currently working on a series of photographs called 'Pieces of Me'. I am hopeful that this series will become a monograph (Book of Photographs). In October 2013, I will be receiving an award from Goodwill Keystone Area, 'Goodwill Treasures Honoree for 2013'.

I am a current member of Phi Theta Kappa and I have made Dean's list Fall 2012 and the Spring of 2013. In my spare time, I like to photograph local live events, entertainment and musicians. I am volunteering in the community with several different agencies. I enjoyed photographing the Cedarbrook Glamor Girls this spring as well."

Affordable Housing Web Map

The PennDel AHMA has a web map on its site that allows viewers to search for affordable housing and rental assistance in PA and DE.



By clicking on the map you can view PennDelAHMA members' communities near you.

The web site address is as follows:

<http://penndelahma.rentalhousingdeals.com/>

Be a Contributor



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