

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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Climate Action Plan

On June 25, 2013, President Obama announced a comprehensive Climate Action Plan. The Plan will implement new rules to cut carbon pollution and help move our economy toward American-made clean energy sources that will create jobs and lower home energy bills.



In regard to multifamily housing, the Plan calls for expanding the President’s Better Buildings Challenge as follows:

- A goal of reaching 100 megawatts of installed renewable capacity on-site at federally subsidized housing, by 2020, will be established.
- Residential partners (private owners and PHAs) will pledge a 20% reduction in energy intensity for their portfolio over 10 years.
- HUD and DOE will commit to deploying technical assistance, aligning incentives, and developing replicable models for energy efficiency.
- The Multifamily Better Buildings Challenge will launch in the Fall of 2013.
- In order to test innovative ways to cut energy bills and to finance energy efficiency upgrades in existing multifamily residential properties, HUD is implementing a \$23 million Multifamily Energy Innovation Fund, working with a dozen organizations on the cutting edge of bringing

energy-saving solutions to the housing market. HUD will showcase projects being implemented by grantees over the next few months.

- Energy Performance Contracts will be leveraged to stimulate low-cost private sector financing for residential energy improvements. HUD is currently piloting this model in privately-owned HUD assisted multifamily housing.
- The Plan directs agencies to work together to synchronize building codes and implement consistent federal energy efficiency standards.
- HUD will continue to raise the bar on energy performance in affordable housing and work with its partners at DOE, EPA, USDA, the Department of Transportation, and Treasury to ensure its policies accelerate energy efficiency in buildings and communities.

AAFs and Mortgagees

HUD is encouraging all HUD-approved mortgagees to collect and analyze borrower’s annual financial statements (AAFs) as part of an overall effort to assess the level of risk associated with each loan in their FHA-insured portfolio.

Mortgagees are expected to maintain a “Watch List” of distressed loans, as a matter of prudent business practice, that will help to determine the overall health of a mortgage’s portfolio, help mortgagees focus on their most distressed assets, and help prevent FHA mortgage insurance claims.

HUD’s Office of Asset Management will be conducting teleconference calls with mortgagees to share risk analysis information and encourage the close monitoring of assets.



Smoke Alarms in Bedrooms

HUD issued a Final Rule (78 FR 37106; June 20, 2013) that added a requirement for smoke detectors/alarms to be included in its regulations for Section 202 or Section 811 projects that apply as mixed-finance (Section 202/811 mixed-finance projects). Section 202/811 mixed-finance projects are those with private funding to supplement Federal funding.



The Final Rule, which went into effect on July 22, 2013, requires all sleeping units and other areas to be equipped with smoke alarms that adhere to the multifamily standards outlined in the International Building, Residential, Existing Building and Property Maintenance Codes developed by the International Code Council (ICC).

"This is a significant action taken by HUD in an effort to safeguard some of our most vulnerable citizens," said Ronald Piester, AIA, President of the International Code Council Board of Directors. "The HUD rule supports the work of thousands of ICC Members and Code Officials across the country who are dedicated to improving safety in the built environment."

The only new requirement, established by the Final Rule, is that owners provide a smoke detector and alarm in every bedroom or primary sleeping area. Though the requirement is new to the program regulations, the requirement is supportive of the R2-R4 multifamily standards in the International Building Code, the International Residential, Existing Building and Property Maintenance Codes that apply in the vast majority of jurisdictions in the country through state or local adoption.

"Recognition by HUD speaks to the outstanding job ICC Members and others involved in our Code Development Process have done to ensure safety in the built environment," said ICC CEO Dominic Sims. "Actions such as this bring us closer to achieving our goal of helping to build safe, resilient, accessible and affordable communities."

For further information, see:

<https://www.federalregister.gov/a/2013-14721>

Five Questions You Should Ask Contractors

1. Do they take on projects of your size?
2. Are they willing to provide financial references, from suppliers or banks?
3. Can they give you a list of previous clients?
4. How many other projects would they have going at the same time?
5. How long have they worked with their subcontractors?



The answers to these questions will reveal the company's availability, reliability, how much attention they will be able to give your project and how smoothly the work will go.

Performance-Based Contracts Appeal

On August 6, 2013, HUD announced the results of the Performance-Based Contract Administration (PBCA) Notice of Funding Availability (NOFA).

However, on August 27, the U.S. Court of Appeals granted a motion filed by an Appellant for a stay pending appeal. As a result, HUD is precluded from executing the new ACCs until the case has been resolved.



"Turn the Lights On!"

Local high school students from the City of Camden, NJ, have joined with a nonprofit youth development organization to fight crime.



decorative lights.

Specifically, they volunteered to work with Hopeworks 'N Camden, during the summer to gather community feedback and map the city's more than 400 street lights and

decorative lights. As a result of this effort, 77 inoperative lights have been identified. The GIS mapping team presented its findings to the mayor and Public Service Electric and Gas so that power could be restored to the broken lights and neighborhoods made safer.

This initiative is greatly appreciated by HUD and its project owners and management agents that have 20 projects in the city.

Systematic Alien Verification for Entitlements

HUD was advised in June 2012, that the Dept. of Homeland Security (DHS) adopted a new category code for immigrants as part of its SAVE system (Systematic Alien Verification for Entitlements). All Multifamily property managers currently use this system to check the legal background of individuals applying for housing assistance.



The new code is *Code 33*, "Deferred Action for Childhood Arrivals." Deferred action is a discretionary determination to defer removal action of an individual as an act of prosecutorial discretion. Deferred action does not provide an individual with lawful status. This two-year program is for people entering the country that have no criminal record, are in school (or graduated from), and under the age of 31.

The U.S. Government is deferring action against these individuals (deportation) because they are low priority removals for DHS. The deferred action can be removed at any time. These individuals do not have the required Section 214 status, as required by federal law. Persons with DACA status are not eligible to receive HUD rental assistance under the Section 214 statute.

For further information please visit the SAVE Website below, or check the [Code 33 Frequently Asked Questions](#).

You may also contact the DHS National Customer Service Center at 1-800-375-5283.

Also, please visit the SAVE website: www.uscis.gov/SAVE

CityNext Initiative



Microsoft has chosen the City of Philadelphia as the North American showcase city for its CityNext initiative.

The City will receive three years of support from Microsoft's technology experts to help it accelerate its ability to adopt innovative technologies that will impact resident lives.

West Virginia Market Analysis

A market analysis of the Steubenville-Weirton, Ohio-West Virginia Housing Market Area (HMA) has been performed by HUD's Office of Policy Development & Research.

The analysis concluded that the rental housing market in the HMA is currently balanced, with an estimated rental vacancy rate of 4.9% compared with the 10.0% rate recorded in April 2010.

The median gross rent in the HMA was nearly \$550. During the forecast period, the current supply of vacant available units will satisfy all of the demand for rental units in the HMA. Current average apartment rents are estimated at \$450, \$540, and \$560 for one, two, and three-bedroom units, respectively.

No multifamily building activity, as measured by the number of multifamily units permitted, occurred in the HMA during the past 5 years. From 2000 through 2004, multifamily permitting averaged approximately 80 units annually before declining to an average of 25 units annually from 2005 through 2007. Since 2008, no multifamily units have been permitted. Local sources indicate that apartments compete with single-family homes for prospective renters.

The entire study can be read at:

www.huduser.org/portal/publications/pdf/SteubenvilleOH_comp_2013.pdf

Discrimination & Mixed-Income Studies

HUD has released studies on housing discrimination against same sex couples, and the use of inclusionary zoning to produce affordable housing and to create socially and economically integrated communities.



Both studies can be viewed in their entirety at:

www.huduser.org/portal/pdredge/pdr_edge_research_071513.html

www.huduser.org/portal/periodicals/em/spring13/highlight1.html

Super-Efficient Buildings

The Pittsburgh Program Center, along with staff from Public Housing and HUD clients, attended a presentation, on June 11, 2013, to learn about the concept of passive house design. Speakers included Katrin Kligenberg, Executive Director of the Passive House Institute, Laura Nettleton & Michael Whartnaby from the sustainable architectural firm, Thoughtful Balance, and Linda Metropulos, Sustainability Consultant, ACTION-Housing, Inc.



So-called passive houses, which have been around in Europe but never really caught on in the U.S., are basically built around the idea of making buildings airtight, super-insulated, and energy efficient. The idea is to build a structure that creates nearly as much energy as it consumes.

Passive Homes make use of passive solar gain. It accomplishes this through a south-facing orientation, extreme insulation (16-18 inches between double walls), sealing the envelop from air infiltration and incorporating weather breaks at the foundation and wherever interior and exterior walls meet, triple-paned insulated windows, and air make-up systems that condition incoming air before it enters the living space. At some point, these improvements not only achieve significant energy savings, but lessen the need for mechanical plants needed for heating and cooling. As a result, there are significant mechanical system savings from both the initial cost and ongoing maintenance and operating costs. Buildings built this way can stay comfortable using 90% less energy than traditional constructed buildings, according to the Passive House Institute US, an Illinois-based certification, research and consulting group.

In McKeesport, PA, an historic 84-unit YMCA building is being rehabbed and converted into a multifamily passive building to house people at risk for homelessness. Heating and cooling for the four-story Single Room Occupancy (SRO) project will be accomplished with just 17 heat pumps. Rehabilitation costs will be \$500,000 less as a passive building.

Passive design has broad implications for affordable housing. Not only may better design prevent affordable housing from sticking out in its host neighborhoods, but its better envelope may give it the foundation for lower long-term maintenance and utility costs, which ultimately, contribute to the continued affordability of low-income housing.

Olmstead Senate Report

On July 18, 2013, Senator Tom Harkin issued an important report- *Separate But Equal: States Fail to Fulfill the Community Living Promise of the Americans with Disabilities Act*- which provides an overview of the struggle still underway across the states to fulfill the community integration promise of the Americans with Disabilities Act (ADA) and the U.S. Supreme Court's 1999 Olmstead decision.



Some key findings in the report include the following:

- Providing services for people with disabilities outside an institutional setting is more cost-effective than providing care in an institution. Thirty-eight studies published from 2005 to 2012, found that providing Home and Community-Based Services (HCBS) is less costly than providing institutional care.
- Although a number of states reported a substantial increase in the number of people receiving HCBS, this did not produce a significant decline in the number of people in the state living in institutions. For example, one state enrolled more than 5,000 people in HCBS between 2008-2012, but the number of people living in institutions declined by less than 100.
- Nationwide, the proportion of nursing home residents younger than 65 increased from 12.9% percent in 2005 to 14.2% in 2009. According to federal data, people under 65 now make up 16% of the nursing home population.

Many states Olmstead implementation efforts have not included meeting specific benchmarks designed to transition people with all types of disabilities out of institutions and into the most integrated setting in the community in a manner that is cost effective.

The report contains eleven recommendations calling for amendments to both the ADA and the Medicaid statutes, increased ADA enforcement by the U.S. Dept. of Justice (DOJ), federal Olmstead reporting requirements, and increased collaboration across federal agencies, including HUD, HHS and DOJ.

The complete Senate report can be read at:

http://www.help.senate.gov/imo/media/doc/Olmstead%20Report%20July%202013.pdf?utm_source=Senate+HELP+Committee+Releases+ADA+Report&utm_campaign=Constant+Contact+Nov.+14%252C+2012&utm_medium=email

Safe Use of Oxygen

The use of oxygen in the home is becoming a growing phenomenon. This is due to several reasons: a booming elderly population, shorter hospital stays, outpatient procedures and home health services, and long-term oxygen therapy (LTOT).



If proper safety procedures are not followed, however, a private health problem can become a public safety threat in a multifamily building. This is because the home use of oxygen increases the risk of fire and burns. Although oxygen, itself, does not burn, it soaks into materials and lowers the temperature at which things can ignite. In addition, more air (oxygen) makes a fire spread faster.

Smoking in homes where people use oxygen starts many fires each year that cause deaths and injuries to patients, family members, neighbors, and pets. These fires force whole families and other building tenants out of their homes, destroy a lifetime's possessions, and cause hundreds of thousands of dollars in property damage.

Tenants that require oxygen tanks should follow these important safety rules:

- Keep heat sources away from the oxygen (e.g., matches, lighters, cigarettes, candles, gas stoves, heaters, hair dryers, electric razors, etc.).
- Do not use flammable products while wearing home oxygen (e.g., oils, grease, petroleum products, oil-based lip balms/lotions, aerosol sprays, etc.).

For more information, on home oxygen safety, see:

www.mass.gov/dfs

Service Coordinator Funding

On August 15, 2013, HUD announced the availability of \$7.5 million for 2013 Service Coordinator funding. The closing date is October 14, 2013.



A link to the full announcement can be found at:

https://apply07.grants.gov/apply/forms_apps_idx.html

How Bed Bug Infestations Originate

It often seems that bed bugs arise from nowhere. The bugs are efficient hitchhikers and are usually transported into dwellings on luggage, clothing, beds, furniture, and other items. This is a particular risk for apartments, where turnover of occupants is frequent. Bed bugs are small and agile, escaping detection after crawling into suitcases, backpacks and belongings. Tenants acquiring second-hand beds, couches and furniture is another way that the bugs are transported into buildings. Bed bugs also can be carried in on one's clothing, shoes or wheelchair. Once bed bugs are introduced, they can crawl from room to room or floor to floor. They can also be transported throughout buildings on people and their belongings.



Unlike cockroaches and flies that feed on filth, there is often no relationship between bed bugs and cleanliness. Since the bugs feed solely on blood, pristine buildings can be as vulnerable to infestation as are places of squalor.

As we all have learned, Bed bugs are challenging and expensive to eradicate. Since they can hide in so many places, inspections must be thorough and elimination is not always a certainty. Whenever resources allow, it's prudent to enlist the services of a professional. Experienced pest controllers know where to look for bed bugs, and have an assortment of tools at their disposal (e.g., heat, freezing, and insecticides).

Nonetheless, owners and occupants can assist the professional in several important ways. Affording access to all living areas is crucial, and excess clutter will need to be removed. Belongings strewn about rooms offer many places for the bugs to hide, and impede inspection and treatment. Since bed bugs can disperse throughout a building, it often will be necessary to inspect adjoining rooms and apartments as well.

To learn more about the habits of bed bugs, health concerns, prevention, and treatment, visit the University of Kentucky's entomology website at:

www2.ca.uky.edu/entomology/entfacts/ef636.asp

Exceptional Portfolio Ranking

Only 4% (\$50 million UPB) of the Philadelphia Hub's insured portfolio is rated troubled and only 11% for non-troubled.



Tenant Evictions

Multi-Housing News has published an on-line article about tenant evictions. The article makes the point that evicting tenants from multifamily properties can be complicated, and can cause headaches for property owners and managers. When a tenant has breached the terms of their lease, a proper eviction must be conducted through the judicial system when seeking to recover possession of the premises in order to avoid delays, costly penalties and potential liability.



The following are the most common types of legal options:

- Provide the tenant with an opportunity to cure the breach.
- Termination (i.e., 30-Day Notice to Quit).
- File a complaint with the court seeking possession of the premises (served along with the Summons).
- Request a money judgment in the amount of overdue rent, or to cover other damages (after deducting those amounts from any security deposit), along with an order granting possession.

There are four possible outcomes of a landlord-tenant hearing:

- Owner is granted a Judgment for Possession by default because the tenant did not appear.
- Owner negotiates a consent judgment for possession with the defendant for a vacate date that is amenable to both parties.
- Court ruling if the parties cannot reach an agreement.
- Adjournment (This may occur if the tenant raises arguments that cannot be adequately addressed at the initial hearing).

After a Judgment of Possession has been entered, the landlord may take possession of the property if the tenant has vacated and removed all personal property. If the tenant has not fully vacated, the landlord is required to file a request for the issuance of an Order of Eviction and execution of the writ. This process provides a defense for the landlord should the tenant bring a wrongful lock out claim or action against the landlord. Failure to follow the statutes regarding the eviction process may result in substantial damages being awarded to the tenant.

For additional information, see:

www.multihousingnews.com/features/the-ins-outs-of-multifamily-eviction/1004084513.html?utm_source=ut-WhatCountsEmail&utm_medium=Daily%20News&utm_campaign=Daily

Healthy Eating Cook-Off

Residents of three HUD assisted communities in Wilmington, Delaware demonstrated their healthy cooking skills during a soup kickoff last month.



A panel of six judges conducted taste tests for vegetable soup recipes that residents prepared. Six winners were selected and now their neighbors are asking for the recipes. The winners were Patty Bramente of the Main Towers Apartments (1st), Mary Oratorio of Chelton Apartments (2nd & People's Choice Award Winner), and Cora Jackson of Windsor Apartments (3rd).

This event was one of a series of activities held as part of the Positive Points Program in apartment complexes managed by Arbor Management Company.

Now in its seventh year, Positive Points has blossomed from a loose collection of educational enrichment programs for kids to involve teens, parents, and a number of Arbor's senior communities, leading to greater community interaction and helping to bridge the generation gap. Courage, character, commitment, creativity, communication and citizenship are the six pillars of the six-week summer educational/enrichment program for youth and seniors. The culminating activity for the summer's program was a barbecue cookout.

Loan Closings



The following loans closed during the month of August: Insured- PA: Glen Riddle Station and Century Building; and NJ- Whitney Crescent; and Section 202- NJ: Ridge Oaks.