

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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Inside this Issue:

Section 8 Shortfalls.....Pg. 1

McKinney-Vento Act.....Pg. 1

Award-Winning DSHA Project.....Pg. 2

Model NJ Community.....Pg. 2

New Markets Tax Credit.....Pg. 2

Sprinkler System Reliability.....Pg. 3

Selecting a Contractor.....Pg. 3

Seniors & Summer Heat.....Pg. 3

Limited Liability Investors.....Pg. 3

Tankless Hot Water Heaters.....Pg. 4

Faucets & Water Conservation.....Pg. 4

Occupancy Sensors.....Pg. 5

Resilient Flooring Mistakes.....Pg. 5

Inspections & Off-Line Units.....Pg. 5

Closings.....Pg. 5

HUD Quality Control Study.....Pg. 6

Affordable Housing Needs Report.....Pg. 6

New Water-Saving Technology.....Pg. 6

NJ- Built-Out in 50 Years.....Pg. 6

Section 8 Shortfalls

Currently some properties are experiencing delays in receiving Section 8 subsidies from HUD through no fault of their own. This may result in inadequate operating funds to meet the needs of the property. When this occurs, property owners may request HUD approval to use available residual receipts and/or reserve for replacement funds to meet mortgage and other necessary operating expenses of the property.



To temporarily alleviate this situation, the following measures will apply:

- Residual receipts and/or reserve for replacement funds may only be used if there are insufficient funds in the property's operating account to meet current expenses, including the mortgage payment.
- Owners must use all available residual receipts funds prior to using replacement reserve funds.
- Residual receipts and/or replacement reserve funds must only be used for mortgage payment and necessary operating expenses.
- Owners may advance funds from another project owned by the same principals in cases where the project has insufficient funds in residual receipts or reserves. To document this, the operating partner must contact the HUD Program Center and provide a certification.
- To expedite processing, owners/management agents should fax the Funds Authorization (Form HUD 9250) to the local HUD Program Center (PC). The request will be processed within one business day and HUD will fax the approved form to the owner/lender (if appropriate). The form with the original approval signature will be mailed to the lender.

- The financial institution holding the funds will release the funds based on the fax copy of the 9250 form to expedite the owner receiving the needed funds.
- All funds advanced to the owner under the emergency expedited processing procedures must be promptly repaid to the reserve account when the Section 8 funds are received and the property has the needed funds to operate.

If a Section 202 direct loan property does not have sufficient residual receipts or reserve for replacement funds to meet normal operating expenses, the owner should request that HUD consider temporarily suspending the mortgage offset payment. This request should be sent to the local Multifamily HUD Program Center servicing the loan. These expedited processing procedures will remain in effect until January 13, 2008.

McKinney-Vento Assistance Act

This year marks the 20th anniversary of the McKinney-Vento Homeless Assistance Act— landmark legislation that has been credited with saving hundreds of lives. Since 2001, HUD has awarded more than \$9 billion and is seeking a record \$1.6 billion for FY 08.



HUD administers the following five programs under this Act, providing a critical lifeline to homeless individuals and families: Supportive Housing Program, Shelter Plus Care Program, Single Room Occupancy Program, Emergency Shelter Grant Program, and the Title V Program.



Award-Winning DSHA Project

Chandler Heights I, a 91-unit, substantially rehabilitated, non-insured, Section 8-assisted, low-income housing tax credit community project, located in a distressed area of Seaford, Delaware, was the recipient of the 2007 Charles L. Edson Tax Credit Excellence Award. The community received an Honorable Mention (equivalent to second prize) in the Rural Development category.

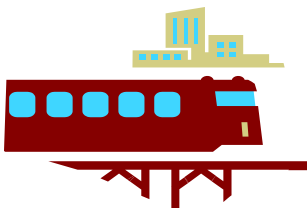


The award ceremony was held June 5, 2007, at the Hart Senate Office Building in Washington, DC. Delaware Senator Tom Carper presented the award to Bill Roupp, president of Better Homes of Seaford, and Norman Poole, chairman of the development firm's board of directors. Charles L. Edson, namesake for the awards, heartily congratulated Messrs. Roupp and Poole for their dedication to housing for lower income residents. Better Homes of Seaford has created a total of six affordable communities for low-income residents in the Seaford area.

Honoring the most outstanding Low Income Housing Tax Credit properties in four categories, this national awards program celebrates the best in affordable rental housing development. The Affordable Housing Tax Credit Coalition, which hosts the awards program each year, represents syndicators, developers, lenders, institutional investors, nonprofit groups, public agencies, and other professionals concerned with the Housing Credit program.

The Housing Credit program was created as part of the Tax Reform Act of 1986. Today, the Housing Credit is widely regarded as the nation's most successful housing production program ever, resulting in the construction and rehabilitation of more than 1.9 million housing units for lower income Americans. The Credit also contributes to the revitalization of distressed low-income communities and creates needed jobs. Nationally, it is estimated that building 100 multifamily units generate 112 local jobs during the first year of construction and 46 jobs every year thereafter.

Collingswood, NJ– Model Community



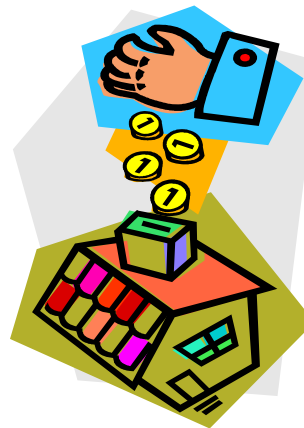
Collingswood, NJ., a small residential town in southern New Jersey, was recently cited as model community by the Southern New Jersey Development Council's

Government Committee. This recognition was given because of how the town transformed itself into a major destination for shopping, dining, and doing business in only 10 short years.

Its success story began in 1996 when it purchased the Parkview Apartments and invested \$8 million in renovations. In subsequent years, it also renovated Pewter Village, the Collingswood Theatre, and the Grand Ballroom. Other projects to be completed are condominiums and the Lumberyard complex.

Mayor Jim Maley, who has been the driving force of Collingswood's rebirth, has additional plans for his town. He envisions the creation of a transit village focused around the PATCO High Speedline station. Preliminary plans, submitted in April 2007, propose a mixed-use development, consisting of apartments, condominiums, and retail stores.

New Markets Tax Credit



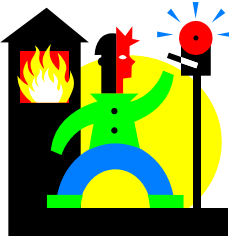
The Community Renewal Tax Relief Act of 2000 gives individuals and corporate taxpayers credit against federal income taxes for making qualified equity investments (QEI) in community development entities (CDEs). The new markets tax credit program (NMTC) program is administered by the Treasury's Community Development Financial Institutions Fund.

The purpose of the program is to encourage private investment in low-income communities where rents, typically, do not cover operating costs, debt service, and return to the developer. NMTC projects have ranged from small business loans under \$100,000 to multi-million dollar real estate investments. As of 5/27/07, the program has generated \$7.7 billion in investments, with \$3.5 billion to be allocated each year through 2013.

Investors can claim 39% of the original investment over 7 years (5%- yrs. 1-3; 6%- yrs. 4-7). For additional details, see:

www.philadelphiafed.org/ccca/index.html.

Sprinkler System Reliability



It is an indisputable fact that sprinklers in buildings save lives. In the U.S. Experience with Sprinklers and Other Fire Extinguishing Equipment Report, it was stated that sprinklers reduce the chance of dying in a building fire by 50 to 75%, as well as reducing property loss by 50 to 66%.

Chapter 9 of the International Fire Code requires water-based sprinklers to be maintained in accordance with NFPA 25 (National Fire Protection Association), "Standard for Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems." The standard provides the minimum requirements for the tests, inspections, and routine maintenance that should be performed and how often (e.g., gauges/control valves—weekly/monthly and pipes/fittings—annually). However, some states or cities may mandate more frequent inspections.

Not all of the actions outlined in NFPA 25 must be completed by a certified fire protection professional. The size of the building's maintenance staff, its workload, skill and proficiency, as well as the complexity of the system, will determine whether it is best to use in-house staff for some of the work or to hire a contractor.

A schedule of sprinkler maintenance tasks can be found at the following website:
www.cityfire.com/nfpa_25_guidelines.htm.

Selecting a Contractor

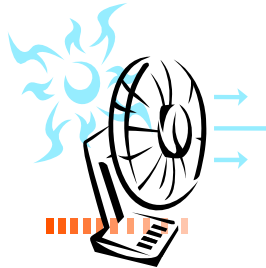
The following are some guidelines to help you find a reputable contractor:

- Insist that the contractor provides a written estimate on company letterhead.
- Ask for a written guaranty.
- Find someone else if a contractor insists on cash payments.
- Verify that the contractor's licenses and registrations are valid.
- Did the contractor offer a legitimate business card?
- Ask for proof of third party property and injury insurance.



- Are the contractor and any related tradespeople bonded?
- Check to see if the contractor is registered with the Better Business Bureau.
- How long has the contractor been in business and can he provide references from previous customers?

Seniors and Summer Heat



Every summer heat wave brings warnings to seniors to try and stay cool. However, a new study performed by Kent State University suggests that few are listening and taking protective measures

Of more than 900 people aged 65 years or older in four cities

(Philadelphia, Dayton, Phoenix, and Toronto), only 50% stated that they changed their behavior. This type of inaction, attributable to either ego or economics, could be lethal. According to data from the U.S. Centers for Disease Control and Prevention, 3,442 Americans died from heat-related causes between 1999 and 2003.

The elderly are particularly at highest risk due to three factors: 1. physiological changes that occur with age, 2. chronic diseases, and 3. medications. Some preventative measures that can be taken are: 1. reduce physical activity, 2. wear light clothing, 3. drink lots of fluids, 4. take a shower or bath, and 5. use air conditioning or a fan.

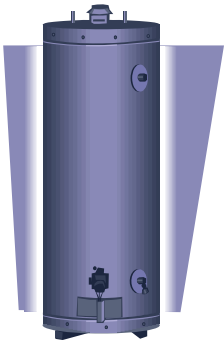
If heat stroke should occur, it moves very rapidly. Managers of senior housing should be aware of the following "signals" in their residents: 1. flushed body, 2. weak pulse, and 3. muscle cramps. If any of the signs are present, emergency medical care should be requested immediately.

Limited Liability Corporate Investors

President Bush has signed into law, the Preservation Approval Process Improvement Act of 2007. The law requires HUD to immediately suspend all filing requirements for limited liability corporate investors who own, or expect to own, an interest in entities which have received or are expected to receive Low-Income Housing Tax Credits under Section 41 of the Internal Revenue Code.

In lieu of 2530 forms, limited liability corporate investors will submit certifications to the local HUD Office attesting to their corporate organization. Affected investors should contact their local HUD Program Center for details.

Tankless Hot Water Heaters



Demand (tankless or instantaneous) water heaters are an excellent way for a project to reduce its energy bills. They heat water directly without the use of a storage tank. Therefore, they avoid the standby heat losses associated with storage water heaters.

When a hot water tap is turned on, cold water travels through a pipe into the unit. Either a gas burner or an electric element heats the water. As a result, demand water heaters deliver a constant supply of hot water. You do not have to wait for a storage tank to fill up with enough hot water. However, a demand water heater's output limits its flow rate.

Typically, demand water heaters provide hot water at a rate of 2-5 gallons (7.6-15.2 liters) per minute. Gas-fired demand water heaters produce higher flow rates than electric ones. Sometimes, however, even the largest, gas-fired model cannot supply enough hot water for simultaneous, multiple uses in large households.

Although gas-fired demand water heaters tend to have higher flow rates than electric ones, they can waste energy if they have a constantly burning pilot light. This can sometimes offset the elimination of standby energy losses when compared to a storage water heater. In a gas-fired storage water heater, the pilot light heats the water in the tank so the energy is not wasted. The cost of operating a pilot light in a demand water heater varies from model to model. Some models have an intermittent ignition device (IID) instead of a standing pilot light. This device resembles the spark ignition device on some gas kitchen ranges and ovens.

For residences that use 41 gallons or less of hot water daily, demand water heaters can be 24%-34% more energy efficient than conventional storage tank water heaters. They can be 8%-14% more energy efficient for residences that use a lot of hot water-around 86 gallons per day. Even greater energy savings can be obtained, from 27%-50%, if a demand water heater is at each hot water outlet.

Demand water heaters cost more than conventional storage water heaters. However, their lower operating costs and extended life (20 yrs. vs. 10-15 yrs.) offsets their higher purchase price. Before buying a demand water heater, the following factors should be considered: size, fuel type and availability, energy savings,

and estimated costs.

Proper installation and maintenance of your demand water heater can optimize its energy efficiency. Proper installation depends on many factors. These factors include fuel type, climate, local building code requirements, and safety issues, especially concerning the combustion of gas-fired water heaters. Therefore, it is advisable to have a qualified plumbing and heating contractor perform the installation. When selecting a contractor, consider the following: request cost estimates in writing; ask for references; consult the Better Business Bureau; and determine if the contractor will obtain a local building permit if necessary and understands the local building codes.

For more details on these energy saving ideas, visit the U.S. Dept. of Energy's webpage at:

http://www.eere.energy.gov/consumer/your_home/water_heating/index.cfm/mytopic=12820.

Faucets & Water Conservation



Rising water and sewer costs have caused many owners to pursue water conservation strategies.

One simple way is to replace older (prior to 1994) water faucets with flow rates of 3-5 gallons per minute with new faucets with rates of 2.2 gpm. If that is not practical, low-flow aerators can be purchased for under \$10 each.

Public "high-traffic" washrooms can also be made to conserve water by upgrading to metered (i.e., self-closing) and electronically-activated sensor faucets. While there is a premium for sensor technology, the added sustainability benefits and potential savings outweigh the costs.

Acoustical Ceiling Tips

If you are installing an acoustical ceiling in your project, pay close attention to the ceiling system's noise reduction coefficient (NCR), articulation class (AC), and sound transmission class (STC) ratings. Once you find a ceiling that can provide the desired acoustical environment, extra steps should be taken during installation to insure that the acoustical properties of the ceiling are not reduced by mechanical diffusers, lighting fixtures, etc. It must be remembered that unless penetrations are properly sealed and covered, they will defeat the purpose of an acoustical ceiling.

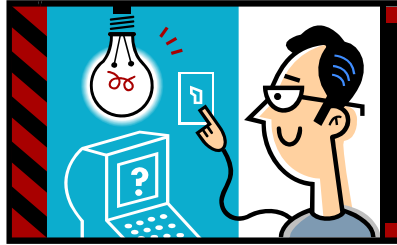
Occupancy Sensors

An often overlooked way to save on energy is to utilize occupancy sensors.

These sensors are basically sophisticated off/off switches and come in three versions: passive infrared (detects body temperature), ultrasonic (detects high frequency sound), and dual technology (combines passive infrared and ultrasonic). Although the latter is the more expensive type of sensor, it has the fewest instances of false triggering.

The sensors should be either wall-mounted or ceiling-mounted. Wall-mounted sensors should be installed in smaller spaces (e.g., bathrooms, offices, copier rooms) and ceiling-mounted sensors in larger "open" areas.

Lastly, maintenance staff and residents should be trained to report any instances of false triggering to insure proper operation.



Common Resilient Flooring Mistakes



The basic rule about resilient flooring is that it must be complementary to the usage of the space.

The four most common mistakes in purchasing resilient flooring are as follows:

1. Selecting the wrong material. (Manufacturers should tell you about load limits, moisture/chemical resistance, light-reflectivity, and impact noise ratings).
2. Buying based on new trends, not on the application.
3. Selecting light-colored flooring for high traffic areas. (In heavy-traffic areas, medium to dark multi-colored, patterned floors should be specified).
4. Making a purchase without understanding the flooring maintenance requirements. (VCT often has lower installation costs but much higher long-term maintenance. Some sheet vinyl flooring includes high-performance coatings that offer reduced maintenance and provide a newer-looking appearance for an extended period of time).

Off-Line Units

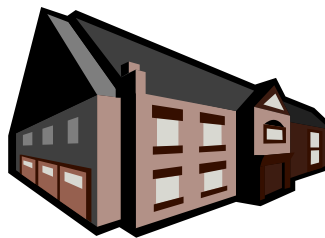
HUD recognizes that there may be cases where it is not possible to conduct a REAC inspection according to the Uniform Physical Condition Standards (UPCS) because, all, or a significant portion, of the buildings and dwelling units of a multifamily housing development are undergoing major rehabilitation work and repairs. In these cases, inspections may be postponed to a later date.



However, in circumstances where a development is undergoing minor rehabilitation and repair work, it may be possible to go ahead with the REAC inspection by designating certain units or buildings as "off-line." Some justification for declaring units or buildings off-line are as follows: recent fire/water damage, undergoing approved rehabilitation (not routine turnaround), police restricted area, or other hazard.

Upon an owner's request, the local HUD PC will determine if there is good cause for approval. It will then consult with the Director of Business Relationships and Special Initiatives Division, Office of Multifamily Asset Management, by telephone and e-mail. The request will state the following: the number of buildings and/or units at the property, the reason why the field office supports the owner's request, the buildings/unit to be taken off-line, the length of time each building/unit has been off-line, and a timeframe for returning the buildings/units on-line.

Closings



The following closings occurred during the period-May-July 2007: *Insured*- DE: Carvel Gardens, and PA: Sweetbriar Place, Saxonburg Commons, Carmichaels Arbors, and Ebenezer Towers; *Section 202/811 Initials*- DE: ARC HUD 2005; *Section 202/811 Finals*- DE: Luther Village I, PA: Inglis Gardens, Cecilian Village, and Gruber Mills; NJ: New Bridge HMC; and WV: Greenbrier Senior Housing.

HUD Quality Control Study

Rental housing assistance programs are administered on HUD's behalf by public housing authorities, public and private project owners, and contracted management agents. Households eligible for rental housing assistance are generally required to pay 30% of their income toward rent and utilities, with HUD providing the balance. In the interest of providing accurate assistance to eligible families, HUD's Quality Control Project is designed to determine the extent, severity, costs, and sources of errors in rental subsidies. Quality Control for Rental Assistance Subsidies Determinations- Final Report for FY 2005, the latest in a series of quality control studies, is based on data collected from the activities of public housing authorities from February to July 2006 and of project staff during Fiscal Year 2005. Rent underpayments of approximately \$584 million, offset by rent overpayments of roughly \$341 million, resulted in a net error of approximately \$244 million.



The report, which describes the methodology, discusses the findings, explores the policy implications, and makes recommendations for modifying quality control processes, is available as a free download at: www.huduser.org/publications/pubasst/rentalassistance.html.

Affordable Housing Needs Report

HUD's Office of Policy Development and Research recently released Affordable Housing Needs 2005: Report to Congress- a look at the population experiencing the "worst case housing need," (i.e., unassisted renters with very-low incomes, under 50% of the area median, who either pay half or more of their income for housing, or who live in severely sub-standard housing).



The report is based on data from the HUD-sponsored 2005 American Housing Survey, which was conducted by the U.S. Bureau of the Census. Included in the report is an analysis of data from the Survey of Income and Program Participation, which examines the duration of severe rent burdens. The report also looks at the relationship between the availability of affordable rental housing and worst case need.

The report is available from HUD USER, free of charge, at: www.huduser.org/publications/affhsg/affhsgneeds.html.

New Water-Saving Technology

A new water saving technology has been developed that reclaims gray water from bathroom drains and recycles it for flushing toilets. The water is disinfected and filtered, and the resulting savings benefit water conservation initiatives. It does not cross-connect to the fresh water system, nor does it inhibit backflow prevention.



The system which can save up to 7,300 gallons of fresh water per year (i.e., \$82) in an average household, can be part of a Green building design and qualifies for LEED standards- the benchmark for environmental building performance.

Presently there are two manufacturers of this system- Water Technologies ("The AQUUS System") at: www.watersavertech.com and Caroma, an Australian producer of dual flush toilets at: www.caroma.com.au/index.html.

New Jersey- Built-Out in 50 Years?

About 15,000 open acres of NJ are developed each year, including significant amounts in the central and coastal plains. If this trend continues, NJ- already the most densely populated state in the nation- will be completely built-out possibly within the next 50 years.



According to a report issued by Rutgers and Rowan Universities, the state has lost 106,000 acres to commercial and residential development over the past decade. Hot spots for growth were Monmouth, Ocean, Middlesex, and Somerset counties.

This loss of open land has occurred in spite of NJ's "Smart Growth" and open space preservation programs. The report has caused environmental groups to step up calls for the renewal and funding of the Garden State Preservation Trust.