Pennsylvania, New Jersey, Delaware, & West Virginia

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS

Vol. 3 No. 4 Encarnacion Loukatos, Hub Director Thomas Langston, Editor January 2004

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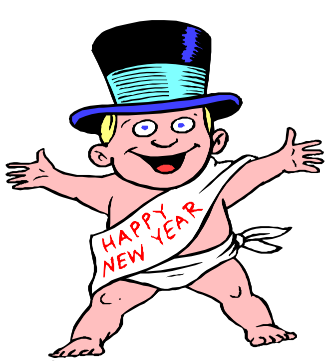


Revised HUD Handbook 4350.3

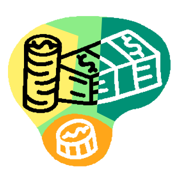
HUD Handbook 4350.3 REV-1, Occupancy Requirements of Subsidized Housing, (revised in July 2003) was developed after almost two years' of collaboration with project owners, management agents and tenants. The result is a handbook that is well organized, comprehensive, and accessible.

Topics are organized to present information in the order that a property manager performs occupancy tasks. Also, an alphabetical index and glossary are provided to locate topics and define terms.

The revised handbook incorporates Changes 1-29, and also updates information on laws and regulations that have been enacted since the last handbook change.

You can obtain a copy of the handbook at: www.hudclips.org.

OCAF Rents



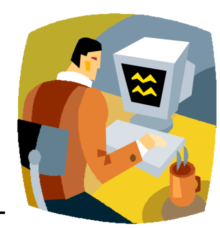
On September 15, 2003, HUD published the 2004 OCAF (Operating Cost Adjustment Factors) rates in the Federal Register. The OCAFs are to be used for Section 8 rent adjustments, at contract renewal, per Section 524 of MAHRA. The new factors will be effective, February 11, 2004. Visit the following website for additional details:

www.hudclips.org/sub_nonhud/cgi/pdf/23353.pdf.

New Director of Project Management

The Philadelphia Program Center is pleased to announce that Rodell Burton, the former Chief Project Management, has been appointed the new Director of Project Management for the Philadelphia Program Center. In her new capacity, she will manage both the Asset Management (existing projects) and Development (new projects) branches. We wish her much success in her new position.

Electronic Submission of Data



Owners and management agents of applicable subsidized multifamily projects are required to submit certifications, recertifications, and subsidy billings to HUD electronically through the Tenant Rental Assistance Certification System (TRACS). In order to ensure compliance with this requirement, HUD is developing guidance to inform owners and agents of the penalties that it will impose when the requirements of 24 CFR 208 are not met. Owners and agents must strive to ensure that 100% of the tenant recertifications used to support the monthly subsidy billing have been submitted to TRACS. In the future, penalties will be imposed if billings are submitted for tenants that do not have a current certification in TRACS. Owners and agents should monitor compliance now so that they will not be adversely affected when penalties are imposed.

Weed and Seed Program

The Cooper Plaza neighborhood has joined 11 other neighborhoods in Camden, NJ in participating in the U.S. Dept. of Justice's "Weed and Seed Program."

This program was established in 1991 as a community-based multi-agency approach to law enforcement, crime prevention, and neighborhood restoration. The goals of Weed and Seed are to control violent crime, drug trafficking, and drug-related crime in targeted high-crime neighborhoods and provide a safe environment free of crime and drug use for residents. The Weed and Seed strategy brings together federal, state, and local crime-fighting agencies, social service providers, representatives of the public and private sectors, prosecutors, business owners, and neighborhood residents under the shared goal of weeding out violent crime and gang activity while seeding in social services and economic revitalization. Weed and Seed began with three pilot sites and has spread to more than 250 high-crime neighborhoods across the nation.

The Weed and Seed strategy is a two-pronged approach to crime control and prevention: 1. law enforcement agencies and prosecutors cooperate in "weeding out" criminals from the target area, and 2. "seeding" brings prevention, intervention, treatment, and neighborhood revitalization services to the area. This unique strategy is based on collaboration, coordination, community participation, and leveraging resources.

The Cooper Plaza neighborhood has already completed the first phase of Weed and Seed- the gathering of information about drug activity in the area by police. During the second phase- called the high visibility phase- more uniformed police officers will patrol the streets. When the drug dealers have been removed, the human services component will be added.

Neighborhoods wishing to participate in the program should form a steering committee and request official recognition from the U.S. Attorney's Office. The contact information is as follows: (202) 616-1152; www.ojp.usdoj.gov/eows.

Funding Opportunities

You can now sign up to receive e-mail notifications when funnding opportunities are available from the federal government. Registration can be made through the following website: www.fedgrants.gov/ApplicantRegistration.html.

New Timelines

The revised Handbook 4350.1 REV-1 sets forth the following new timelines for recertifications and Section 8 Special Claims:

* Recertifications- Owners must now start the recertification process 120 days prior to the anniversary date, rather than 90 days. Owners must also have procedures in place, by January 1, 2004, in order to notify the tenants that are due annual recertification on May 1, 2004. Thereafter, all tenants will be provided with 120-day notice.

* Special Claims– Owners must submit special claims for unpaid rent and tenant damages and vacancy losses during rent-up within 180 days, rather than within one year. This policy is in effect on all claims where the action that caused the claim occurred after June 12, 2003.

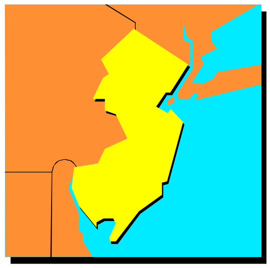
Partial FHA Claims

HUD can now make partial insurance claim payments on FHA-coinsured mortgages to coinsurance mortgagees to facilitate restructurings under the Section 8 mark-to-market program. This is based on Section 541(b) of the National Housing Act, as amended by the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA), which authorizes a one-time, non-default partial claim payment under an FHA mortgage insurance contract in connection with a mark-to-market restructuring. In addition, HUD's Associate General Counsel for Insured Housing stated that the regulatory requirement (24 CFR Section 251.3) to make "reasonable efforts to wok out any mortgage default" before converting a coinsured mortgage to full insurance does not apply to the mark-to-market program.

FY 04 Annual Adjustment Factors

The FY 04 Section 8 Contract Rent Annual Adjustment Factors were published in the Sept. 16 issue of the Federal Register, Vol. 68, No. 179. To access this document, visit the following website: www.access.gpo.gov/su_docs/fedreg/a030916c.html.

Hoboken Revival



Hoping to emulate the success of its waterfront revival, Hoboken, NJ is attracting developers to construct condominiums further inland, where vacant lots and run-down industrial buildings abound. Condominiums sales are ranging from $200,000 to $400,000 in this area.

Previously Willow Street divided the city like a fault line, running north-south, 8 blocks west from the river. But as development worked its way west, Hoboken has gone from having two completely dissimilar residential markets to being one big market.

According to an article in the August 10, 2003 The New York Times, a general revival in the area resulted from the city's successful push to route the $1.2 billion Hudson-Bergen Light Rail line away from the already successful waterfront to the western quadrant of the city. This will serve local residents, as well as, commuters from all Hudson county– the most densely populated county in NJ, at 12,000 people per square mile.

Developers feel that due to the city's small size (one square mile), new or renovated buildings have an immediate impact on the area. In addition, developers have started to create a new downtown by creating new retail outlets.

Although purchase prices range from $300 to $400 a square foot, the waterfront, dominated by luxurious condominiums and rental buildings, continues to be considerably more expensive, with prices ranging from $450 to $500 a square foot.

"Smart Growth"- Big Map

The State of New Jersey has scrapped its "Big-Map"- a color-coded blueprint for growth that specified where development would be encouraged and where it would face increased regulation. The map was ineffective because it was drawn largely on the basis of environmental considerations and there was no mechanism for enforcing it and too few incentives for adhering to it.

See the March 2003 issue of Philadelphia Multifamily Hub News (Vol. 2, No. 6) for further details.

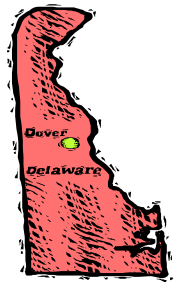
What Is a Service Coordinator?

The Service Coordinator in Section 202 and 202/8 projects is responsible for assuring that the frail and at-risk elderly residents are linked to the supportive services needed to continue living independently in the project. The major functions of the Service Coordinator are: general case management, formal case management (if qualified), establishing linkages with providers in the community, developing directory of providers for use by both project staff and residents, educating residents on service availability, application procedures, client rights, developing case plans in coordination with assessment services in community or the PAC, monitoring ongoing provision of services and updating the case management provider agency on residents' progress, setting up volunteer support programs, helping residents build informal support networks, educating management team on issues related to aging in place and Services Coordination. The Service Coordinator cannot perform recreational activities or assist management with other duties during the time allocated for Service Coordinator duties.

In monitoring the Service Coordinator program during on-site management reviews, Project Managers insure that: 1) incumbents meet the basic qualifications, 2) staffing correlates with HUD guidelines, 3) files are maintained in a secured location accessible only to the Service Coordinator and project management to the extent necessary, 4) files are adequately documented with intake forms, including information on referrals to community agencies, case management plans (if appropriate), quarterly monitoring plans and follow-ups as appropriate, information relating to reports (alleged or otherwise) of human or civil rights abuse, results of all monitoring and agency follow-ups, notes on all meetings with client/family members, and disposition/termination of cases (a 10% or a maximum of 10 files are reviewed). Findings are noted in a narrative as an addendum to Form HUD 9834B under Section 5, General Management Practices.

If you are interested in establishing a Service Coordinator position for your project, please attend our Service Coordinator training that will be scheduled for the Spring of this year. You will be notified of the specific date and location of the training in the near future.

Dover Senior Housing Boom



Dover, Delaware is experiencing a construction boom in housing designed for the middle-aged and elderly. This is because the fastest growing age group, projected from 2005-2020, is 65 years and older. This group, which currently comprises 13% of Dover's population, is expected to rise to about 17% by 2020.

Due to the scarcity of such housing, developers are seeing an opportunity for a "niche product." Currently several projects are tapping into the growing demand for housing for those 55 and older. A 68-unit Section 202 project, Luther Village I, is currently in the pipeline. This will be the first of 8 apartment buildings (524 units) for low-income senior citizens that will be built on a 34-acre site. Robert Bunnell, Executive Director Luther Towers, stated that although the opening of Luther Village I will reduce Luther Senior Services' waiting list, the area must brace for a "stratospheric increase" of elderly citizens as the baby boomers age.

Three other projects in Dover will also be constructed– although with conventional financing by developers Michael Zimmerman and L. D. Shank III/Donna Shank. In addition other developers are planning 55 and older developments in unincorporated areas to the north and south of Dover.

Kent County Planning Director remarked that "(if) you look at the demographics of this city and the median age increasing, and the fact that Americans are living healthier and living longer...add to that the influx of retirees in central Delaware, and in the future you will see the demand for facilities such as Luther Towers."

Hub Personnel Actions

Promotions:

Diana Gray, Director Pittsburgh
Program Center
Rodell Burton, Director Project
Management (Phila.)
Mary Bera, Senior Project Manager
(SPM-Phila.)
Diane Lima, SPM (Phila.)
Kiersten Ramos, SPM (Phila.)
Kathleen Tinney, SPM (Phila.)
Robert Goldberg, SPM (Newark)
Lilly Walker, SPM (Pittsburgh)
Kwabena Owusu-Banahene, Appraiser (Phila.)
Mark Marino, Appraiser (Charleston)

Pittsburgh Market Outlook

The Red Capital Group has issued a market research report on Pittsburgh, PA. Among some of the report's highlights are:

In spite of the affordability of single family homes in Pittsburgh, the demand for apartments is robust. Out of 84,00 units, fewer than 4,000 were vacant at mid-year 2003. Pittsburgh is one of the few markets that enjoyed higher occupancy than one year ago.

The proximity to places of employment, entertainment and education, makes rental housing appealing.

Considerable demand exists despite an overall decrease in total households. (Note: After peaking at 2,416,593 in 1993, the population has declined by 70,000 or 2.9%).

In the short term, net demand exists for 500-800 units of well-located in-fill or suburban luxury housing, targeted at "empty nesters." If you include losses due to obsolescence, the market may be able to absorb 1,000-1,250 units without a decrease in occupancy.

Annual apartment supply has ranged from 1,000 to 1,250 units per year. Although there are some loft-style conversions in the pipeline, development of projects with 50 units or more are rare. More common, are projects consisting of 10 units or less.

Permits reflect a modest increase in planned construction over the past 12 months.

If the economy improves, up to 5,000 units of housing could be developed in 2005-2007.

The Pittsburgh market presents investors with solid opportunities to achieve occupancy stability typical of the Midwest while achieving higher Northeast-region rents.

The full report can be viewed at: www.redcapitalgroup.com.