

# PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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### Eastern Lenders Conference

The 3rd Annual Eastern Lenders Conference was held in New York City, on March 12-14, 2007.

Over 190 housing professionals attended the conference representing lenders, appraisers and attorneys, as well as HUD staff from the Philadelphia, Baltimore, New York, Buffalo, and Boston Hubs.



On the first day of the conference, the HUD staff provided MAP training to lenders' staff. The second and third days were general sessions comprised of the following topics: preservation (Section 8 & mortgage insurance issues), asset management, interest rate/market environment, architectural update, appraisals, MAP 102 issues, legal issues, process streamlining, healthcare announcements and HUD staffing.

### Translated Lease

HUD published guidance in the January 22, 2007 Federal Register to assist housing providers in ensuring that people with limited English proficiency (LEP) have an understanding of housing documents.



Title VI of the Civil Rights Act of 1964 and its implementing regulations, require that housing providers

take reasonable steps to ensure meaningful access by LEP persons. This guidance provides an analytical framework that housing providers may use to determine how best to comply with statutory and regulatory obligations to provide meaningful access to the benefits, services, information and other important portions of their programs and activities for individuals who have limited English proficiency. See: [www.gpoaccess.gov/fr/index.html](http://www.gpoaccess.gov/fr/index.html).

### EIV System Receives Award



HUD has received the Government Computer News' 2006 Agency Award for its Enterprise Income Verification System (EIV). EIV allows the Department, public housing authorities and project owners to verify the income of persons receiving housing assistance from SSA and HHS wage and benefit data.

EIV was recognized for furthering the aim of electronic government by significantly improving the efficiency of the Department in delivering its mission.

EIV is making a contribution to one of the eight President's Management Agenda (PMA) initiatives by eliminating improper payments, as stated in the Improper Payments Information Act of 2002. Because of EIV, HUD received a "green" score on the PMA scorecard in 2005.

Because of EIV, word is getting out that recipients of housing assistance benefits can no longer hide their income. Project owners and housing authorities are encouraged to publish flyers and posters that let tenants know there are consequences and repercussions for not reporting their income. Simply stated, they should be reminded that failure to report income is a violation of HUD requirements and is a cause for eviction.



### Lump Sum Payments

Commonly, when a family receives a large amount of money (a lump sum payment) the family will put the money in a checking or savings account, or will purchase stocks, bonds or a CD. Owners must count lump sum payments received by a tenant as assets. Examples of lump sum payments include the following:



- Inheritances.
- Capital gains.
- Lottery winnings paid in one-payment.
- Cash from the sale of assets.
- Insurance settlements (including health and accident insurance, workers compensation and personal and property losses).
- Any other amounts that are received in one-time lump sum payments.

A lump sum payment is counted as an asset only as long as the family continues to possess it. If the family uses the money for something that is not an asset - a car or a vacation or education- the lump sum must not be counted.

It is possible that a lump sum or an asset purchased with a lump sum payment may result in enough income to require the family to report the increased income before the next regularly scheduled annual recertification. But this requirement to report an increase in income before the next annual recertification would not apply if the income from the asset was not measurable by the tenant (e.g., gems, stamp collection, etc.).

Please reference Chapter 5 Paragraph 5-7.G3 of HUD Handbook 4350.3 REV-1 [Occupancy Requirements of Subsidized Multifamily Housing Programs](#).

### Safest Cities

Six cities in the Phila. Hub have been ranked among the nation's safest cities according to a study by Morgan Quitno-Press. Based on size, they are as follows: metropolitan area- State College, PA (#12) , Lancaster, PA (#18) and Wheeling, WV (#19); 100,000 to 499,999 Edison, NJ (#9); and 75,000 to 99,999- Brick, NJ (#1) & Dover, NJ. (#9).



### Party Expenses

In recent months, HUD has noticed that some owners/agents have been charging large amounts of groceries, party favors, gifts, and giveaway items, to their projects' operating accounts, allegedly for parties of various types. Payment of party expenses, of any type, are not permitted under project Regulatory Agreements. These agreements require that without the prior approval of HUD, the owner/agent may not pay out funds, except for reasonable operating expenses and necessary repairs, from any source other than Surplus Cash.



In addition, Chapters 8 and 9 of HUD Handbook 4381.5 provide guidance regarding Service Coordinators, On Line Service Coordinators, and even Activities Directors. It should be noted that these authorized services and activities focus on educational, health, safety and enhancement of interaction between residents in a positive manner. Resident involvement in development of all activities is central to a viable program.

If parties are important to your residents, you may wish to encourage the resident council to facilitate such events. Also, keep in mind that Boards of Directors, as well as sponsors, are charged with fund raising responsibility for various items, including provision of activities.

It should also be noted that parties and open-house activities for the purpose of advertising for applicants for hard-to-lease units have not demonstrated positive results and; therefore, this activity is not considered a "reasonable and necessary" expense of the property. Additionally, funds to provide beverages, snacks, candy, and other food items for site staff and or guests are an agent expense and not a "reasonable and necessary" project expenditure.

### Downtown Phila. Housing Boom

The City of Philadelphia now has the third largest downtown in the nation after New York and Chicago. The downtown area of Philadelphia has 66,000 housing units comprising a population of 88,000. This is primarily due to the condominium boom that has occurred since 1997 when City Council approved the first 10-year tax abatement for residential development. Since 1998, more than 14,000 units have been added.

### **Delaware River Waterfront**

Mayor John Street has signed an executive order creating the Central Delaware Advisory Group. The group's purpose will be to work with community groups, planning officials and a University of Pennsylvania design team to create a vision for the City of Philadelphia's Delaware River.



Local activists from waterfront communities have welcomed the program. Previously, neighborhood groups have been forced to spend their own time bargaining with developers. This sentiment was summed up by Colleen Puckett of the Queens Village Neighbors Association who was quoted as saying, "I think that it's important that we have a little more of a stake in the process...The waterfront is Philadelphia's front yard, everybody has a stake in it."

### **Modern Vacuum Cleaners**

The Environmental Protection Agency (EPA) has found indoor air quality to be significantly worse— up to 5 times more polluted— than outdoor air. This is because so many buildings are "air-tight" and recirculate dust, odors and chemical residues from carpets, flooring, furniture, bleach, aerosol sprays and even dryer softener sheets. Such dangerous fumes are also the by-product of glue-based building materials. Even radon gas is a culprit.



To compound this issue, Americans spend more than 90% of their time indoors. The lack of proper ventilation has caused a tremendous increase in asthma rates— especially children between the ages of 5-17. The American Lung Association puts a price tag of \$11 billion annually on asthma-related health care costs.

One overlooked step to help combat this problem is to replace conventional vacuum cleaner bags with high efficiency particulate air (HEPA) paper filters (recommended by the EPA to remove air-borne particulates less than 0.3 microns in size). Another advantage of vacuum cleaners equipped with specially treated HEPA filters is that they can eliminate and remove household odors as they pull large amounts of air while operating.

Other recommendations to help remove small particulates from the air is to use high efficiency paper filters

instead of fiberglass filters on furnaces. Also, according to the EPA, air purification devices that produce ozone as a by-product should be avoided because they produce ozone which is a toxic gas with vastly different chemical properties from oxygen.

### **Subsidy Errors**

HUD recently issued a final report on the extent, severity, costs, and sources of errors in rental housing subsidy determinations for the 2004 fiscal year. Errors may be a result of program administrator income and rent determination errors, tenant misreporting of income, and/or errors in program administrator billings for assistance payments.



The information about 2,400 households who received rental assistance from Public Housing, Section 8 Housing Choice Voucher, Section 8 project-based, and Sections 202 and 811 programs with PRAC or PAC tenant subsidies points to significant progress in reducing errors. Recommendations based on this evaluation imply that even greater accuracy is achievable with additional on-site monitoring, training, accessible information, and simplification of written rules, regulations, and requirements.

The entire report, [Quality Control for Rental Assistance Subsidies Determinations](http://www.huduser.org/publications/pubasst/qualitycontrol04.html), is available as a free download at : [www.huduser.org/publications/pubasst/qualitycontrol04.html](http://www.huduser.org/publications/pubasst/qualitycontrol04.html).

### **Mold Remediation Contractors**



If your building is faced with a mold remediation problem, you should insure that your contractor has the following qualifications: 1. Carries pollution liability insurance; 2. Demonstrated expertise in mold/microbial remediation; 3. Fully trained staff, as evidenced by participation in related training courses and industry-recognized certifications from organizations such as the Indoor Air Quality Association, the National Air Duct Cleaners Association and the American Indoor Air Quality Council; 4. Proof of written work practices and procedures for microbial remediation; 5. Demonstrated expertise in the effective operation of HEPA-filtered equipment; and 6. Documentation of OSHA-mandated safety programs.

### Web-Based Advertisements

Many apartment managers have begun to use online services to advertise vacancies. Such advertisements can quickly reach a large number of people over a wide geographic area at an attractive cost.



Online ads can contain a detailed property description and be accompanied by photographs. Online services can also track and manage inquiries, receive rental applications and offer consumer information such as credit reports. Payment options for such services are normally on a flat monthly contract or on a “pay per click” basis.

Online services, however, do have a cautionary note. They state that while they screen advertisements on their websites for compliance with fair housing laws, they are not publishers. Since landlords and other housing providers self-publish and manage their advertisements, they are ultimately accountable for compliance with applicable local, state and federal fair housing laws.

### Sample Apartments

The decision to sign a lease in a project is often determined by the prospective tenant’s perception of the model apartment.

To make the model as appealing as possible, and eliminate any “institutional” feel, you should consider these tips:



- Beautify the grounds in front of the apartment.
- Make sure that the apartment is close to the rental office.
- Consider an outdoor canopy awning over the entrance door.
- Remove interior doors to the kitchen and bathrooms to create a more open feel.
- Stock the kitchen cabinets.
- Keep the interior lights on.
- Flush the toilets daily and dust.
- Create an appealing smell by sprinkling a small amount of cinnamon and sugar on a cookie sheet and turning the oven to its lowest setting.

### Smoking Ban?

Managers have inquired if smoking can be banned in HUD projects- especially housing for the elderly where tenants may be using oxygen to assist them in breathing. The answer is a qualified no.



Smoking is not an illegal activity covered under lease provisions. Managers must not interfere with a tenant’s quiet enjoyment of the rental unit. Furthermore prohibiting smoking inside individual units would impose a significant burden on owners and create the potential for an invasion of tenants’ privacy.

The best vehicle for limiting smoking would be through the adoption of house rules governing smoking in common areas. Under HUD regulations, owners can adopt reasonable rules related to the safety and habitability of the building and comfort of the residents. (Ref. HB 4350.3 Rev-1 Chapter 6-9, House Rules) Banning smoking in common areas does not discriminate against low-income residents since many private sector market rate apartments also prohibit smoking in common areas.

In conclusion, as a matter of policy, HUD will not interfere with the “quiet enjoyment” of a unit by a resident—this includes the right to smoke. In order to designate a building as “non-smoking” the request must be submitted to the State and local authorities for their review.

### Sprinkler System Retrofits

In the November 2006 issue of Buildings magazine, it was reported that many local municipalities are setting deadlines for the retrofitting of fire-protection sprinkler systems in older buildings.



Before starting on a retrofit, owners should get answers to the following questions:

- Does the existing water service have the size, capacity, and pressure to support the system?
- Will the building have to comply with code requirements that are more stringent than those in effect when it was built?
- What will the sprinkler system cost (prices range from, \$1.50 to \$5.75 sq. ft.)?
- What will project planning and management cost?



## **Best Energy Internet Site**

One of the best Internet sites on overall energy efficiency is Home Energy Savers at <http://hes.lbl.gov>. The site was developed by the Lawrence Berkeley National Laboratories Environmental Energy Technologies Division.

The Home Energy Saver (HES) is designed to help home owners and renters identify the best ways to save energy in their residences and find the resources to make the savings happen. The Home Energy Saver was the first Internet-based tool for calculating energy use in residential buildings. The project is sponsored by the U.S. Department of Energy (DOE), as part of the national ENERGY STAR Program for improving energy efficiency in homes, with previous support from the U.S. Environmental Protection Agency (EPA), HUD's PATH program and the California Energy Commission's Public Interest Energy Research (PIER) program.

About 750,000 people visit the HES site each year. Over 90% are homeowners and renters, but many third parties use the site as well.

The Home Energy Saver quickly computes a home's energy use on-line using methods developed at Lawrence Berkeley National Laboratory. Users can estimate how much energy and money can be saved and how much emissions can be reduced by implementing energy-efficiency improvements. All end uses (heating, cooling, major appliances, lighting and miscellaneous uses) are included. A detailed description of underlying calculation methods and data is provided in a series of special reports.

Home Energy Saver's Energy Advisor calculates energy use and savings opportunities, based on a detailed description of the home provided by the user. Users can begin the process by simply entering their zip code and, in turn, receive instant initial estimates. By providing more information about the home the user will receive increasingly customized results along with energy-saving upgrade recommendations.

The Energy Advisor calculates *heating and cooling consumption* using the DOE-2 building simulation program (version 2.1E), developed by the U.S. Department of Energy. The program performs a full annual simulation for a typical weather year (involving 8760 hourly calculations) in about 10-20 seconds, after the user assembles the necessary information describing their home. Users can choose from 239 weather locations around the United States. DOE-2 performs a very sophisticated



series of calculations, but the web-based user interface is relatively simple and results are distilled into a useful form. Default energy prices for each fuel and state are also available, or users can enter a specific price of their choosing.

The Energy Advisor calculates *domestic water heating energy consumption* using a detailed model developed by LBNL researchers. Users can see how household size, age of occupants, equipment efficiencies, and water inlet temperatures affect bottom-line energy costs.

By simply entering the number and approximate age of their major appliances, users can estimate their energy consumption, based on historic sales-weighted efficiency data. A very detailed module is also included to estimate energy consumption for lighting and dozens of miscellaneous gas and electric appliances, with default values based on data compiled over the years by LBNL researchers.

The results pages provide a list of recommendations-ranked by payback time- tailored to the particular home being evaluated. The user can vary the energy efficiency assumptions in many cases, as well as the retrofit costs and then recalculate the table. The results can be viewed on line, and via a detailed printable report that includes retrofit description and other details as well as links to additional information.

In addition to calculating energy use on-line, the "Home Energy Saver's Making it Happen and Energy Librarian" modules connect users to an expanding array of "how-to" information resources throughout the Internet. These modules help users successfully capitalize on the energy savings opportunities identified by the Energy Advisor module. Users benefit from a dynamic information base unparalleled by resources that could be published on static electronic media. These modules offer a host of links to practical information, ranging from lists of specific efficient products, to tips about selecting a good contractor, to information on what assistance your utility might have to offer. The site also features an extensive glossary and frequently-asked questions module.

Through special arrangement with Home Energy Magazine, the Home Energy Saver features extensive passages from the book No-Regrets Remodeling as part of the Making It Happen module.

The "Ask An Energy Expert Service" is also provided courtesy of USDOE's Energy Efficiency and Renewable Energy Network.

### **Subsidized Housing Profile**

HUD's Office of Policy Development and Research has again gathered data to update its comprehensive profile of subsidized housing in the United States. The Picture of Subsidized Households 2000 data set describes the 4.9 million households living in HUD-subsidized housing in the United States for the year 2000. As in previous editions, Picture 2000 provides characteristics of assisted housing units and residents, summarized at the national, state, public housing agency (PHA), project, and census tract levels. For the first time, however, Picture 2000 includes summary data for Metropolitan Statistical Areas (MSAs) and cities. Housing researchers, policymakers, and practitioners can use this data to develop greater insight into the needs of families who depend on housing subsidies.



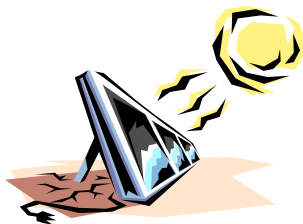
Also new with this release is the capacity to create custom queries of the Picture 2000 data by geography and by HUD program to retrieve the data you need. You can also download complete summary files. Instructions for importing PICTURE 2000 data into your Geographic Information System (GIS) mapping software are included.

This data set is available online at: [www.huduser.org/picture2000](http://www.huduser.org/picture2000). Data from previous years can be downloaded from [www.huduser.org/datasets/assthsgh.html](http://www.huduser.org/datasets/assthsgh.html).

### **Solar Energy**

New Jersey is the 2nd largest producer of solar energy in the nation, and possibly the 5th largest in the world, according to the state Board of Utilities.

In keeping with this progress, the New Jersey Housing Mortgage Finance Agency (NJHMFA) has developed the Sunlit Program—the first state agency in the country to offer such a program. It provides financial incentives to developers to use solar energy systems when they construct or operate low-income housing units.



Under Sunlit, building owners and developers may earn tax credits, rebates on the cost of installation and renewable energy credits for every megawatt of renewable energy that a solar system generates.

Nearly 30 affordable and special-needs housing projects, representing more than 700 additional units, await approvals under the Sunlit program.

Currently, the New Jersey Board of Public Utilities offers rebates to owners of residential and commercial buildings for the installation of solar units. In addition, the owners of solar units receive certificates on the solar energy they produce. Utility companies purchase the certificates from individuals, who post them on the Internet for sale. Electricity suppliers e-mail their bids back to the solar owner. This allows them to meet a state mandate requiring the production of some of their energy from renewable sources.

For additional information, please visit the following websites: [www.njcep.com](http://www.njcep.com) and [www.state.nj.us/dca/hmfa/biz/devel/lowinc/solarphotovoltaic.pdf](http://www.state.nj.us/dca/hmfa/biz/devel/lowinc/solarphotovoltaic.pdf).

### **Rehabilitation of Affordable Housing**



The rehabilitation of affordable housing faces many institutional and regulatory barriers. Because the existing stock varies so much in condition, age, and construction methods, the rehab process is far less predictable and in many ways more challenging than new construction.

To date, however, there's been a lack of in-depth, practical guidance on the many regulatory and other factors that can serve as barriers to affordable rehab. A further challenge is the fact that barriers often vary from project to project and from community to community.

To fill this information gap, HUD has published a two-volume report- Best Practices for Effecting the Rehabilitation of Affordable Housing. Volume 1 is a comprehensive resource guide to state, local, and federal tools for overcoming barriers. Volume 2 provides analyses of key rehab resources and barriers, and case studies of state and local efforts to overcome major regulatory impediments.

Both volumes are available as free downloads at: [www.huduser.org/publications/affhsg/bestpractices.html](http://www.huduser.org/publications/affhsg/bestpractices.html). Print copies are available for a nominal fee from HUD USER by calling 800-245-2691, option 1.