APPENDIX G
Case Study Field Notes

Included in this appendix are field notes from each of the ten case studies. There are three sections to each report:

- **Background**. This section provides basic information on the agency, including its organizational structure, operating funding, and extent of project-based accounting.

- **Regulatory Environment**. This section describes how each "unique" regulation is implemented and the estimated costs. Attached to each case study report is also a regulatory cost worksheet, which calculates both the overall and per-unit-monthly cost of these unique regulations.

- **Operating Environment**. This section reviews the ten local cost areas described in Chapter 4 and the extent to which they were observed to be major cost drivers.

In many instances, the PHAs reported no material costs associated with various regulatory differences. A particular regulation may have been reported to be a "nuisance," or without perceived value, but would be inconsequential in terms of costs. In instances where the PHA reported implementation costs that were material, GSD attempted to isolate what those direct implementation costs represented. In most cases, GSD was able to reach consensus with the PHA regarding those added costs. In instances where GSD was not able to reach general consensus, the notes reflect as such.

In all instances, GSD attempted to determine the extent to which the implementation cost of a regulation was something directly required by federal regulation or something of a local choice or mandate. For example, PHAs are required to conduct annual unit inspections in accordance with Uniform Physical Condition Standards (UPCS). In property management, it is "good practice" to conduct annual, or even more frequent, unit inspections, which are typically performed by the site manager or on-site maintenance staff. Consequently, GSD generally looked to see to what extent the new UPCS standards might have resulted in lengthier inspections than found in conventional practice. Several PHAs responded to the UPCS unit inspection requirement by establishing centralized inspection departments. GSD did not include the added cost of these new, centralized inspections units, which represents an organizational choice of the PHA. Nor did GSD include in the calculation the cost of repairs made as a result of unit inspections. Many PHAs reported that they have greatly increased costs associated with work identified through unit inspections. While this may be true, the same situation exists for FHA-insured housing, which is also subject to REAC inspections.

For ease of readership, GSD assumes some general familiarity with each regulation. Hence, readers less familiar with each regulation should refer to *Report on Pilot Case*

Studies and Recommended Final Case Study Approach (January 9, 2002), for a more detailed description of each unique public housing regulation.

Other important notes include:

- Resident Participation. PHAs currently receive an "add-on" under PFS in the amount of $25 per-unit-annually for Resident Participation. For the purposes of the regulatory worksheet, GSD did not consider expenditures related to this add-on for Resident Participation. Rather, GSD attempted to identify regulatory costs related to resident participation that went beyond this special add-on funding.

- Information Technology (IT). As mentioned in Chapters 3 and 4, PHAs are much larger consumers of IT than operators of assisted housing. Rather than attempt to describe the specific technology or staffing at each agency, GSD compares each PHA's centralized operating expenditures on IT, on a PUM basis, with those found in assisted housing, which is estimated at less than $3 PUM.

- Employee Benefits. As the basis of comparison, GSD used a burdened rate for employee benefits of between 22 and 28 percent as the "standard" among operators of assisted housing (as a percentage of payroll). A PHA's actual employee benefit costs are compared against this standard. Employee benefits are defined as: health benefits, payroll taxes, unemployment taxes, retirement, and other insurance (disability, life, etc.). For the purposes used here, employee benefits do not include worker compensation or vacation or sick leave policies.

- Young Disabled. While for the most part GSD found that the implementation costs for most of public housing's different unique regulations could be reasonably estimated, this was not necessarily the case with respect to the requirement to admit "young disabled" in public housing elderly buildings. Although some agencies reported that there was no cost (even with fairly sizable portions of young-disabled populations), others felt that these costs were quite significant. Few were able to demonstrate that costs were higher, although it is possible that many costs are hidden (the cost of staff burnout, for example). The numbers reflected in the worksheets represent reasonable attempts to capture the costs reported.

For background purposes, Table G.1 compares non-utility operating spending, on a PUM basis, for each case study agency, as reported to REAC on year-end Financial Data Schedules.[1] Information is presented according to the main expense categories (Administrative, Tenant Services, Maintenance, etc.). Also for background purposes, Table G.2 shows the same figures for the nation as a whole, broken into PHA size groupings.

[1] It should be noted that actual operating spending might be higher than amounts shown depending on how a PHA chooses to allocate operating costs across different programs. In the case of Baltimore, for example, the line item for Protective Services represents only employee benefits, meaning that the actual salaries for the agency's police bureau is funded elsewhere.

Table G.1: Operating Income and Expenses, Case Study Agencies (PUMs)

Expenses	Baltimore	Los Angeles	Anne Arundel	Kingston	Gloucester	Pinellas County	Laurinburg	Dayton	San Antonio	Phoenix
Fiscal Year-ending	6/30/02	12/31/01	6/30/02	9/30/02	6/30/02	12/31/01	6/30/02	6/30/01	6/30/02	6/30/02
Units	13,364	7,569	1,026	131	78	572	492	4,032	5,657	2,629
Total Tenant Revenue	$163	$225	$181	$285	$330	$132	$121	$142	$140	$154
HUD PHA Operating Grants	$361	$293	$138	$241	$266	$166	$223	$181	$202	$228
Other Government Grants	$0	$0	$0	$0	$0	$0	$0	$4	$1	$11
Investment Income- Unrestricted	$1	$11	$2	$5	$3	$12	$9	$8	$3	$40
Other Revenue	$9	$7	$4	$6	$2	$62	$0	$8	$23	$2
Gain/ Loss on Sale of Fixed Assets	$0	$0	$0	$0	$0	$0	$0	($1)	($1)	$0
Total Revenue	$534	$536	$324	$556	$600	$372	$353	$342	$367	$434
Total Expenses Administrative	$86	$166	$84	$151	$155	$119	$88	$106	$108	$129
Total Expenses Tenant Services:	$4	$2	$2	$0	$2	$34	$4	$12	$10	$0
Total Expenses Utilities	$105	$83	$80	$168	$119	$66	$102	$76	$56	$64
Total Expenses Ordinary Maintenance & Operation	$222	$160	$139	$127	$109	$143	$88	$147	$143	$155
Total Expenses Protective Services	$11	$44	$0	$0	$0	$0	$0	$0	$7	$0
Total General Expenses	$24	$67	$24	$43	$36	$26	$19	$14	$21	$14
Total Operating Expenses	$452	$522	$329	$489	$421	$388	$301	$355	$345	$363
Extraordinary Maintenance	$0	$4	$6	($3)	$43	$1	$0	$0	$4	$0
Casualty Losses- Non-Capitalized	$0	$2	$0	$0	$0	$0	$0	$1	$0	$0
Housing Assistance Payments	$0	$0	$0	$0	$0	$2	$0	$0	$0	$0
Total Expenses	$452	$528	$335	$486	$464	$391	$302	$356	$349	$363
Total Expenses, Excl. PILOT and Utilities	$348	$444	$255	$318	$345	$324	$200	$280	$294	$299

Table G.2: Public Housing Operating Income and Expenses, by Size Classification, 2002 (PUMs)

Expenses	Size Classifications						
	National	1 (1 to 99 units)	2 (100 to 249 units)	3 (250 to 499 units)	4 (500 to 1249 units)	5 (1250 to 6599 units)	6 (6600+ units)
Total Tenant Revenue	$163	$147	$153	$153	$157	$148	$190
HUD PHA Operating Grants	$235	$109	$123	$134	$172	$246	$375
Investment Income- Unrestricted	$11	$9	$9	$9	$9	$9	$16
Other Revenue	$16	$15	$15	$15	$16	$16	$15
Gain/ Loss on Sale of Fixed Assets	$0	$0	$2	$0	$0	$1	$0
Total Revenue	$424	$280	$301	$311	$354	$420	$597
Total Expenses Administrative	$14	$88	$83	$80	$91	$114	$158
Total Expenses Tenant Services:	$8	$3	$4	$7	$8	$7	$13
Total Expenses Utilities	$93	$50	$59	$70	$83	$100	$126
Total Expenses Ordinary Maintenance & Operation	$146	$92	$101	$106	$122	$151	$202
Total Expenses Protective Services	$12	$1	$1	$2	$3	$6	$32
Total General Expenses	$32	$24	$25	$26	$27	$30	$45
Total Operating Expenses	$305	$258	$273	$291	$334	$408	$577
Extraordinary Maintenance	$6	$10	$10	$4	$5	$6	$4
Casualty Losses- Non-Capitalized							
Housing Assistance Payments							
Total Expenses	$311	$268	$283	$295	$339	$414	$581
Total Expenses, Excl. PILOT and Utilities	$218	$218	$224	$224	$257	$314	$455

Source: Report of Revenue and Expenses by PHA size, HUD/ REAC 2/05/03

Housing Authority of Anne Arundel County, Maryland
Case Study Field Notes

BACKGROUND

The Housing Commission of Anne Arundel County, MD (HCAAC) operates 1,024 units of public housing and approximately 1,700 Section 8 vouchers. It also owns 39 locally-produced affordable housing units, financed primarily with state funds.

The current executive director has been in his position since 1991, when he took over what was generally recognized as a physically, financially, and managerially-troubled agency. Today, the agency is a High Performer under the Public Housing Assessment System, with a score of 30 (out of a maximum of 30) on the Management Operations component. The agency is recognized for its stable, strong leadership and the properties are noted for their upkeep and curb appeal.

Anne Arundel County is located in suburban Baltimore, with a population of about 490,000. The agency's seven properties are dispersed throughout the county; however, the vast majority are within a five mile radius of the central office. There are five elderly properties (672 units) and two family properties (352 units). The agency has no distressed properties in its inventory and the oldest property was built in 1972.

Organization

The agency is overseen by a seven-member board, including one resident. The board meets bi-monthly, for about one to two hours. Additionally, the board receives monthly performance and other activity reports. Once the annual budgets for the agency are approved by the board (operating, capital, Section 8, etc.), the agency does not need to return to the board for approval of any individual purchases. The board receives a list each month of all checks written for over $5,000, but that information is provided only for advisory purposes and not for approval.

The agency operates under a fairly centralized property management delivery system. Work orders are called into a central maintenance department, where they are then dispatched to centralized maintenance personnel. The agency also operates a central warehouse and leasing office. The housing managers are mostly responsible for rent collections, lease enforcement, recertifications, and tenant relations.

Funding and Financial Management

The agency's FY '03 Allowable Expense Level (AEL) is $220.11 per-unit-monthly (PUM). In addition, the agency receives $10.04 PUM in various add-ons, for a combined total of $230.15 PUM. The agency's AEL is low in comparison to other PHAs of similar size in the mid-Atlantic region. It is also low in contrast to GSD's predicted AEL under the Cost Model of around $278 PUM (adjusted for 2003). The agency does not generally cross-subsidize its operating budget with retained Section 8 administrative fees but recently has begun to use 10% of its $1.5 million annual Capital Fund budget for operations, or about $12.21 PUM. The Capital Fund is also used for the purchase of vehicles, equipment, and IT equipment/software.

The agency maintains a system of project-based budgeting and accounting wherein all costs that are directly attributable to a property are billed to that property, including maintenance. However, overhead for maintenance technicians, supervisors, and general administrative staff is allocated on a square foot basis. This is a reasonable allocation system but does not necessarily reflect the actual costs to operate each property. Allocated costs represent approximately 67% of the total non-utility operating budget.

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperative Agreement with Welfare Agency

The agency works "very closely" with the state's welfare agency, which it considers to be good practice, particularly in the area of data sharing. Consequently, it reports no additional costs associated with implementing this requirement.

2. Deconcentration

The agency's computer system is able to produce the necessary demographic analysis to determine the established income ranges. No property is affected by this regulation. All developments are within the range. Consequently, it reports no additional costs associated with implementing this requirement.

3. Grievance Policy

The agency uses its Resident Advisory Board (RAB) to serve as its grievance panel. The panel members are provided with a standardized form for reporting the results of their recommendations and standing grievance meetings are scheduled at the beginning of the year (with rotating RAB members); however, only one formal grievance was reported for the past year. Because the agency is both fair and responsive in its dealings with residents, formal grievance requests are infrequent. As a result, it reports no additional costs associated with implementing this requirement.

4. Rent Policies

Overall, the agency regards the four "unique" rent rules to be not materially significant in terms of costs.

- Income Disregards. Only five families currently have income disregards.
- Imputed Welfare Income. No residents are currently reported to have "imputed" welfare income.
- Minimum Rents. The agency has adopted a $0 minimum rent and therefore there are no hardship requests.
- Annual Choice of Rents. 34 families currently are paying the flat rent.

5. Pets in Family Housing

The agency has adopted a fairly standard pet policy in family housing (owners of pets must pay a $15 monthly fee and the pet must not weigh more than 15 pounds, it must be licensed, and must be on a leash outside the apartment). Currently, only about six family households have a registered pet (about 65 senior households have registered pets). Consequently, it reports no additional costs associated with implementing this requirement.

As with most managers of multifamily housing, the agency reports problems with stray or illegal pets; that issue has not changed since adoption of the pet policy.

6. Section 3

The agency promotes Section 3 in both its hiring and contracting; however, it reports no material costs associated with this special provision. Staff turnover is low, resulting in few new postings a year. Additionally, the agency procures for only a small number of services annually out of the operating budget for which Section 3 would apply.

7. Procurement

The agency utilizes a centralized procurement manager to handle all purchasing and inventory management functions. However, the agency reports that there was no purchase in the past year funded through the operating budget that exceeded $100,000. There are no special state/local rules requiring the agency to use a smaller threshold and the agency will often "piggy-back" on state procurement contracts when it finds it appropriate. Consequently, it reports no additional costs associated with implementing this requirement.

8. HUD-Determined Wage Rates (Section 12(a) Wages)

The agency is not subject to a collective bargaining agreement and has established pay levels based on what it considers local practice, subject to funding availability. The agency is in the job market frequently and, therefore, believes that it is comparable with private operators in its market, possibly slightly below market. Additionally, the agency does not report any material cost related to the application/monitoring of HUD-determined wage rates for maintenance staff (mostly because very few items are contracted out). Consequently, it reports no additional costs associated with implementing this requirement.

9. Annual Plan

The agency's "modernization coordinator" handles the Annual Plan process, a carry-over from the Capital Grant planning requirements and a reflection of the fact that the capital plan element of the Annual Plan is a significant part of what residents focus on. There is a one-hour meeting of the draft plan at each property; then, the Plan is presented before the RAB at their quarterly meeting. Highlights of the Plan are also placed in the resident newsletter. The agency paid $5,000 to a consultant to assemble the plan.

Since HUD began formally requiring the Annual Plan, the agency has been using the opportunity to implement all policy changes that require public notice "at one time." No public comments were received on the last annual plan.

10. PHAS

The agency reports that the biggest concern regarding PHAS is the requirement for unit inspections and the related inspection time required (see below). Otherwise, the agency reports that virtually all the indicators required under PHAS it would otherwise collect. It also does not report a problem with transmission of the data (provided one does not leave the task of transmitting that data to the last few days before it is due, when system use is heavy).

11. Annual Unit Inspections

The agency contracts with a private vendor to conduct its annual unit inspections. It pays the vendor approximately $10 per unit annually ($0.83 PUM), which, for that price, includes a "download" of the results and the generation of all required work orders. The housing managers still perform annual housekeeping inspections.

12. Tenant Participation Requirements

Because the agency utilizes the annual plan process for revising agency policies, much of the required resident participation costs are already incorporated under the discussion above under annual plan. Resident councils are provided with $15 of the $25 per unit per annum the agency receives from HUD for resident participation; the remainder covers miscellaneous costs to the agency for resident participation.

13. Waiting Lists

The agency maintains a single, centralized waiting list. It believes that this works best for it and it might be more costly to operate a site-based system. It has no plans of going to a site-based system.

14. Admission of Young-Disabled in Elderly Buildings

The agency has five elderly buildings (672 units). It has not applied to designate any of these buildings as "senior only" and does not believe that there are any material differences in costs associated with buildings serving "young disabled." In fact, the agency reports that there might be an advantage to having a mix of ages. The percentage of "young disabled" in these elderly buildings ranges from 27 to 38 percent.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee Compensation

As indicated earlier, the agency appears to pay wages that are comparable with local operators in the same market area, if not slightly below market. With respect to employee benefits, the agency's burdened rate (total benefits divided by total wages) amounts to around 24%, which is on the lower side of other PHAs and on par with typical operators of assisted housing.

The agency reports that it surveys routinely local governmental entities as well as other housing authorities and finds its salaries low in comparison. The agency also reports lower turnover of staff than what might be typical of a private operator.

2. Organization and Work Rules

The agency does not appear to have, nor report, any special work rules that impede its operation. Its workforce is not unionized.

3. Resident Programs and Initiatives

The agency spends less than $1 PUM from its operating budget on resident programs/participation, exclusive of funding it receives as an add-on for Family Self-Sufficiency or Resident Participation. However, it often partners with local service agencies to provide support services to its public housing developments, including Boys/Girls clubs, Head Start, day care, youth activities, etc. Through a combination of funding that includes Family Self Sufficiency, ROSS service coordinator grants, and local CDBG funding, it provides part-time case workers at each property that help with family budgeting, benefit eligibility, and access to local services.

4. Population Housed

The agency has maintained the "old" federal preferences, which it feels helps it to prioritize those most in need. The agency aggressively attempts to screen for "good" residents and does not attempt to serve any population that is more costly to house than a typical operator of assisted housing.

5. Security Costs

Currently, the agency does not expend any funds from either the operating or capital budgets for law enforcement or security guard services.

For the elderly buildings, the agency has card access and camera systems that are standard features in similarly-designed assisted properties. For both family and elderly properties, the agency employs two "community safety workers". These community safety workers are former police officers that work closely with both housing management and the local police department on crime and security matters. They also conduct the criminal background checks on all families. On a daily basis, the community safety workers receive and follow-up on all police incident reports filed on public housing property. If a resident is involved in criminal activity, the community safety workers participate in a conference with the family. The community safety workers also attend the pre-move-in conference held with each family, stressing the importance of lease compliance. This security program is one of the best crime prevention programs that GSD has seen. Over time, it has attained an impressive level of cooperation with local law enforcement and has been extremely effective in maintaining relatively crime-free properties. Complementing the work of these community safety workers is a program of swift and certain lease enforcement.

In recent years, the community safety workers have been funded through the Drug Elimination Program, at a cost of about $142,000 (or $12 PUM agency-wide but possibly more depending on how much might be allocated to the family properties, where the community safety officers spend a somewhat larger percentage of their time).[2] As the DEP funding dries up this year, the agency will seek to continue this program through a combination of funding, including possibly Operating and Capital funds.

Essentially, the agency utilizes these community safety workers in place of hiring armed/unarmed guards or police officers. Because the agency has been able to achieve such a high level of lease compliance, it does not feel the need for a security presence “round-the-clock.” Rather, it takes the position that prohibited behavior, when it occurs, will be reported. And when such behavior is reported, the agency takes action.

6. Information Technology

The agency utilizes one of the integrated software programs developed specifically for public housing. The annual centralized cost to support this system (IT staff, consultants, hardware/software maintenance, etc.) is on the order of $10 PUM, exclusive of one-time purchases of software and equipment. This spending is substantially higher than what would be found among operators of assisted housing.

7. Legal Costs

The agency does not report any unusual or extraordinary legal costs. It has a long history of fair and consistent enforcement of the lease and has had only one FOIA request in nine years. In the current year, attorney fees are budgeted at $7,500, or $0.61 PUM.

8. Local Mandates

The agency is subject to bi-annual inspections of each unit by the local board of health. Otherwise, it reports no apparent local mandates governing its operations. It has no special procurement or resident business opportunity programs. Its workforce is also not subject to collective bargaining agreements.

9. Responsiveness/Accountability

The agency strives to maintain a standard of housing that is within what is provided locally in professionally-managed apartment communities. The agency reports that it may experience greater costs in the amount of correspondence it receives from elected officials (mostly constituent requests), in part because it is better known than other private operators of assisted housing.

10. Other Public Entity Costs

Other than the perception that violations of local operators of assisted housing may “go unnoticed”, and other than the fact that the agency, as a public body, must hold and advertise public meetings, the agency does not report any additional public entity costs. From all appearances, this is a very well run agency with high standards. Because of its demonstrated level of performance, it may experience less external demands than reported by agencies that are not as well-performing.

[2] Includes a clerical position, for a total of three positions.

REGULATORY WORKSHEET
HOUSING COMMISSION OF ANNE ARUNDEL COUNTY, MARYLAND

CATEGORY	DESCRIPTION	ANNUAL	PUM
1. Cooperation with Welfare Agency	No additional cost reported	$0	$0
2. Deconcentration	No additional cost reported	$0	$0
3. Grievance Policy	No additional cost reported (only 1 grievance in past year)	$0	$0
4. Pet in Family Housing	No additional cost reported	$0	$0
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents	No additional cost reported	$0	$0
6. Section 3	No additional cost reported	$0	$0
7. Section 12(a) Wage Rates	No additional cost reported	$0	$0
8. Procurement	No additional cost reported (no purchase with operating funds in excess of $100,000)	$0	$0
9. Waiting lists	No additional cost reported	$0	$0
10. PHAS	No additional cost reported other than inspections (see below)	$0	$0
11. Annual Unit Inspections	1,024 inspections x $10 per inspection per year	$10,240	$0.83
12. Annual Plan	• Preliminary proposal/bid: 2 hours at $64.40/hr • Meeting with consultant: 16 hours at blended rate of $34.97/hr • Follow-up research: 6 hours at blended rate of $41.86/hr • Review of final document: 4 hours at $41.86/hr • Prepare for hearing: 2 hours at $41.86/hr • Public hearing: 5 staff persons for total of 10 hours at blended rate of $39/hr • Consultant: $5,000	$6,536	$0.53
13. Resident Participation Requirements	Covered under Annual Plan	$0	$0
14. Young-disabled in Elderly Buildings	No additional cost reported	$0	$0
TOTALS		$16,776	$1.36

Dayton Metropolitan Housing Authority
Case Study Field Notes

BACKGROUND

The Dayton Metropolitan Housing Authority (DMHA) owns 3,628 units of public housing and also administers approximately 3,589 Section 8 Vouchers. The agency does not own any housing other than its public housing, although it recently received the award to be the contract administrator for approximately 9,200 project-based Section 8 units in the lower southwest region of the state.

The City of Dayton has a population of 166,179. The surrounding county, Montgomery, has population of 554,223, which includes the City. While the agency serves a "metropolitan" jurisdiction, 89% of its units are located within the City of Dayton.

The agency's stock is old (an average of 33 years), with fairly substantial modernization needs, estimated at around $26,000/unit. It is also located in a soft rental market, contributing to a vacancy rate in its public housing program of about 7% (not including units off-line pending demolition). Over the past five years, the agency has demolished one distressed property under the HOPE VI program and is "thinning out" several other properties. By 2006, following completion of demolition plans, the public housing inventory will drop to 3,514, down from 4,472 in the late 1990s.

The agency is a Standard Performer under the Public Housing Assessment System (PHAS), with a 2001 score of 25.7 (out of a possible 30) under the Management Operations component.

Organization

The agency is overseen by a five member board. The board meets monthly, for about 1-2 hours. The board also receives routine management reports. The board is described as a "policy board" and does not get unduly involved in administrative and managerial matters.

The agency operates with a mix of both centralized and decentralized property management systems; however, as a result of a recent reorganization, it is becoming more centralized. The agency has centralized all purchasing, work order intake, and, recently, all annual reexaminations. It also operates a central lock-box for rent collections and maintains a central waiting list and leasing office. Because of upcoming funding reductions tied to its loss of units, the agency is moving towards a "zone" management system, whereby property management staff will be responsible for a cluster of properties, resulting in less "presence" at any given property. On the other hand, the agency has no central warehouse; all maintenance staff, with the exception of a small number of centralized trades, are site-based (soon to be "zone-based"); and the annual unit inspections are handled by the site-managers.

The agency has created an identity-of-interest non-profit corporation, Sankofa, through which the agency administers most of its resident services programs. In the current year, the agency has funded Sankofa at around $500,000 through the operating budget, or around $12 PUM; however, in future years the agency is expecting Sankofa to be nearly entirely grant-funded (projected not to exceed 1.5% of routine operating expenses).

Budgeting and Financial Management

The agency has an Allowable Expense Level of $232.03 per unit monthly (PUM) for 2002. It also receives $37.24 PUM in add-ons, for a combined total of $266.78 PUM. More than two-thirds of these add-ons are for deprogrammed units and phase-down funding. The agency's AEL is among the lowest of large housing authorities in the mid-west region. The model-predicted amount is around $280 PUM.

Partly in recognition of its low AEL, the agency contributes in the vicinity of $1.6 million annually from the Capital Fund (out of a total grant of $8.1 million) to the operating budget, or about $34 PUM.

The agency operates no real project-based budgeting system. Although costs are maintained on many direct development expenses (site-specific labor and materials), development-level income/expense reports are not routinely generated and monitored. In keeping with its more centralized organizational structure, only about 43% of its non-utility operating expenses are incurred at the property level; the remaining costs are collected under various centralized cost centers. As a consequence, financial reporting is more "cost-center focused" than "property-focused."

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperation with Welfare Agencies

The agency has executed a signed agreement with the state welfare agency. The agency reports no costs associated with the execution of this agreement, which it feels simply formalizes long-standing relationships between the two agencies.

2. Deconcentration

None of the agency's properties fall outside HUD's established income ranges. As a result, there are no material costs related to compliance/implementation of this regulation.

3. Grievance Policy

The agency reports that it has less than six formal grievances annually. These grievances are handled directly by the Director of Management, who is the grievance officer. Most grievances are handled within an hour or two.

4. Rent Rules

There are four rent rules that are "unique" to public housing.

- Income Disregards. A total of 26 families have income disregards.
- Imputed Welfare Income. There are no families with imputed welfare income.
- Annual Choice in Rent. A total of 428 families are paying the flat rent.
- Minimum Rent. The agency utilizes a $50 minimum rent, with hardship exemption. All "negative rent" and "zero income" families are referred to Sankofa for service assistance. There are 328 households paying the minimum rent.

The GSD team and the agency differed on the "impact" of these unique rent rules. The agency believed that these differences have created a much more complicated process of annual tenant re-examinations, whereas the GSD team considered them less consequential. These changes, coupled with earlier concerns regarding rent calculation error rates, have led the agency to create a new centralized tenant reexamination unit. Hence, the on-site administrative staff will no longer be responsible for annual reexaminations. Absent agreement over cost, GSD has assumed an average of 30 additional minutes for reexamination per year related to these "unique" rules.

5. Pets in Family Housing

The agency has adopted a fairly standard pet policy for family properties (pet deposit of $100, $50 non-refundable fee, pet inoculation, etc.). It reports that there are only 48 households with registered pets, although most of these are elderly households.

As with other case study agencies, DHMA reports significant problems with illegal pets, which is not covered under the regulations. The agency also believes that the population it serves is more “disadvantaged” and, hence, more likely to have illegal pets; however, GSD could not find a method to verify this reported cost.

6. Section 3

The agency puts significant effort into promoting Section 3 in its hiring and contracting activities; however, much of this work is focused on the capital program. There are very few contracts that are funded through the operating budget for which Section 3 apply.

The agency indicates that it has a strong record of employing residents and that often these new employees have lower skills and frequently need extra job-readiness assistance. However, there is nothing in the Section 3 regulations that would require an agency to hire employees who are not otherwise qualified and GSD treated this cost as a local option.

Driven by fiscal concerns, the agency has also been in the process for the past year or more of downsizing its overall staffing (a net reduction of 89 budgeted positions), which means that there has/will be few “new” hires.

Where the agency has received HUD ROSS grants for resident-type services, it has frequently targeted any part- or full-time positions for residents.

7. Procurement

There is no state or local law that requires more burdensome purchasing requirements than Federal law. Still, the agency has adopted its own $50,000 threshold for formal bidding ($100,000 under federal law). The agency reports that there are typically only 13 purchases in the operating budget that are between $50,000 and $100,000 on an annual basis and only three purchases over $100,000. Advertising costs are about $1,000 for each formal bid.

8. HUD-Determined Wage Rates for Maintenance Staff

HUD issues to the agency the HUD-determined wage rates for maintenance. As a result of collective bargaining, however, the agency’s wage rates are actually higher than the HUD-determined rates, which then predominate. Also, the agency does little contracting for maintenance services, for which the HUD-determined rates would apply. Only one contract last year in the operating budget required the use of HUD-determined wage rates (lawn service).

9. Waiting Lists

The agency maintains a centralized waiting list, which it feels is more cost-effective than site-based waiting lists, particularly given the soft rental market in Dayton. It also has concerns that a site-based system may result in racial segregation. Although the waiting list is centrally administered, applications can be obtained and dropped off at any of the agency’s properties.

10. PHAS

There are four components to PHAS:

- Financial. The agency reports that the year-end roll-up required to convert to the REAC consolidated financial data schedule represents about 40 hours of additional work. It also does not report any "transmission" problems, provided one does not wait until the last day to file.

- Resident survey. The agency reports modest efforts to (1) update its PIC address database in advance of the survey, (2) market/advertise the resident survey to obtain higher participation rates, including meetings (door prizes!) at each property, and (3) follow-up actions when scores from the survey are below HUD standards**.**

- Management indicators. The agency reports that most all of the indicators used by PHAS are essentially the same as they would use absent PHAS to monitor internal performance (vacancy rates, rent collections, work order response times, etc.); however, they find that HUD changes to the indicators results in the need to modify corresponding IT systems.

- Physical Inspection. The REAC physical inspection protocol is the same for public and assisted housing.

11. Annual Unit Inspections

The agency reports a slightly longer time to complete the new UPCS inspections as opposed to the HQS-mandated inspections under PHAS (approximately 15 minutes in additional time per inspection).

12. Annual Plan

Preparation of the annual plan is coordinated primarily by the capital division, owing to the fact that a large part of the annual plan process is capital-related (including responding to interests from residents of when their properties are to receive capital improvements). Once a draft of the plan is available, the agency meets with the residents of each property and also holds an annual RAB meeting. The agency reports that true strategic planning occurs outside of Annual Plan process**.** The actual preparation of the Annual Plan (completion of the template) requires around 1-2 weeks of time by the Deputy Director. The agency has never received written comments from residents (only verbal ones at the various resident meetings) and just two "formal" comments from other interested parties.

There was much more resident and public interest in the Annual Plan immediately following QHWRA. The first year's plan was much more involved to prepare but, since then, the task has become more routine. The agency also does not report any problem with the electronic transmission process.

The agency indicates that the requirement for certification by the local municipal body has given rise to certain pressures on the agency to modify its capital plans. This issue is taken up under the "Other Public Entity Costs" later in this report.

13. Tenant Participation Requirements

While the agency has a fairly extensive system of resident councils for all of its properties, and frequently meets with the umbrella organization for these site-specific councils, it considers these efforts to be good practice and not driven by regulation. Additionally, the resident councils organize themselves and hold their own elections (not handled by agency staff). Other unique tenant participation requirements are captured under the Annual Plan planning process (i.e., input into agency policies).

Of the $25 PUA the agency receives for resident participation, $15 PUA goes directly to the RAB and the remainder the agency uses for various participation activities.

14. Admission of Young-Disabled in Elderly Buildings

The agency owns nine elderly public housing properties, for a total of 1,071 units. Originally, it applied for and received approval to designate two-thirds of these properties as "senior only." More recently, because of the soft rental market, the agency has "undesignated" three of these buildings. Also, many of the agency's elderly properties contained efficiency-type apartments; these efficiency units have since been converted, through the capital program, to one-bedrooms.

The agency reports that the young-disabled population results in the need for higher security costs, social services, conflict resolution, lease enforcement actions, etc. GSD did not include any cost under the "regulatory worksheet" for this unique requirement since the agency has chosen to serve this particular population (as opposed to being denied the permission to serve seniors-only).

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee Compensation

DMHA operates in a low cost market and has labored under a relatively low AEL. Not surprisingly, compared with two local operators of assisted housing, GSD found that the wages paid to on-site administrative and maintenance staff were in keeping with local market conditions. Benefits, however, were more generous for DMHA, particularly in the area of retirement, where DMHA contributes 13.55% of salary (and the employee contributes 8.55%). Total employee benefits – health, retirement, payroll taxes, and unemployment taxes but not workers compensation – amount to around 31% of salaries, which is modestly higher than the 22 to 28% typically found in privately assisted housing.

2. Organization and Work Rules

While a larger share of the private workforce is unionized in Ohio than the national average, that is not the case in property management, where unionization is rare. In contrast, all DMHA maintenance workers and maintenance clerks have been covered under collective bargaining agreements since around 1992. Unlike some other large agencies studied where the maintenance workforce is unionized, however, the DMHA's collective bargaining agreement does not impose undue work rules limiting the scope of work assigned to the maintenance mechanic type position (and requiring the use of skilled trades classifications), which is often one of the more significant cost drivers noted. Indeed, the agency employs very few maintenance trades persons and relies on a "generalist" maintenance classification.

Much more consequential than the actual collective bargaining agreement, in terms of costs, are the centralized organizational arrangements. In this regard, the agency operates quite differently than its private sector counterparts, which GSD believes has significant cost implications.

The agency reports significant administrative costs associated with the union negotiation process (usually every three years) as well as a structured grievance procedure for disciplinary actions and staffing reductions.

3. Resident Programs and Initiatives

At around $12 PUM in the operating budget, the agency's costs for resident services and programs is higher than comparable assisted housing, but not extraordinary. This level of funding is expected to be reduced in the coming years, as more of the services budget will become grant-funded.

4. Population Housed

There is nothing unusual about the agency's admissions and occupancy policies that would result in serving households that are markedly different than other operators of assisted housing and that would result in higher costs. Eligibility rules in the two programs are essentially the same. Still, it should be reported that the agency believes that there is a significant difference in the population of residents of public housing and residents of other assisted housing in the community, with the public housing residents exhibiting more housekeeping and lease-enforcement problems.

5. Security Costs

The agency spends in the vicinity of $600,000 annually on security, about half on family properties and half on elderly properties, for around $13 PUM (although the funding comes from a combination of Operating and Drug Elimination). Each of the elderly properties gets 8 hours of contract security a day. The family properties get purchased services from the police department for roving-type patrols.

These levels of security spending are not unusual for inner city assisted housing.

6. Information Technology

The agency utilizes one of the commonly-used integrated software programs developed specifically for public housing. The annual centralized cost to support this system (IT staff, consultants, hardware/software maintenance, etc.) is on the order of $8 PUM, exclusive of one-time purchases of software and equipment. This spending is substantially higher than what would be found among operators of assisted housing.

7. Legal Costs

At around $5.50 PUM, the agency’s legal costs are modestly higher than comparable private operators of assisted housing.

8. Local Mandates

The DMHA is required to provide an admission preference for veterans (no cost) and to participate in the state retirement system (big cost). Otherwise, there are no other formal local mandates imposed on the agency that drive operating costs (for example, there are no mandated minority business development programs or requirement to house the homeless).

9. Responsiveness/Accountability

The agency reports higher costs related to the following:

- Greater public accountability.
- The fact that the agency is “under the microscope” and required to respond more quickly than private operators.
- The agency is often viewed as housing of last resort.
- There are higher expectations, particularly in the area of regulatory compliance.
- The fact that “good” contractors sometimes will not do business with the agency, perceiving more bureaucracy.

10. Other Public Entity Costs

The other remaining other public entity cost reported by the agency relates to the certification by the local municipality that the Annual Plan is consistent with local affordable housing strategies. In the past, there have been differences over agency and municipal capital planning priorities, which have resulted in delays in getting the Annual Plan processed.

REGULATORY WORKSHEET
DAYTON METROPOLITAN HOUSING AUTHORITY

CATEGORY	DESCRIPTION	ANNUAL	PUM
1. Cooperation with Welfare Agency	No additional cost reported	$0	$0.00
2. Deconcentration	No additional cost reported	$0	$0.00
3. Grievance Policy	Not more than 6 formal grievances a year at $300 per grievance	$1,800	$0.04
4. Pets in Family Housing	20 family households with registered pets x 4 hours per year of additional administrative time x $20/hr, plus $200 in unreimbursed pet damage per household	$5,600	$0.13
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents	An additional 0.5 hours per reexamination x $20/hr	$36,280	$0.83
6. Section 3	Costs borne on Capital Budget	$0	$0
7. Section 12(a) Wage Rates	No material cost reported	$0	$0
8. Procurement	3 purchases over $100,000 at a cost of $1,000 each in advertising	$3,000	$0.07
9. Waiting lists	No additional cost reported. Agency maintains centralized list.	$0	$0.00
10. PHAS	22 resident survey meetings estimated at 66 staff hours x $20/hr	$1,320	$0.03
11. Annual Unit Inspections	3,900 units at 0.25 additional hours per inspection x $20/hr	$19,500	$0.45
12. Annual Plan	750 staff hours x $25/hr, plus advertising of public meetings at $2,000	$20,750	$0.47
13. Resident Participation Requirements	Covered under Annual Plan and $25 Resident Participation PUA	$0	$0
14. Young-disabled in Elderly Buildings	No additional "federal" costs given that agency has chosen to "undesignate" its senior-only buildings.	$0	$0
TOTALS		$88,250	$2.03

Gloucester, Massachusetts Housing Authority
Case Study Field Notes

BACKGROUND

The Gloucester Housing Authority (GHA) has 78 federal public housing units: 60 in a family development called Willow Wood (WW) and 18 scattered site units. In addition, it has 573 Section 8 Housing Vouchers, is the "contract administrator" for 52 units of project-based Section 8, and owns and operates 562 State public housing units, of which about 70 percent are elderly. It has also developed eight homeownership units under the public housing "5 (h)" program and is doing more. Between the homeownership initiative and the pursuit of various other development activities, the GHA spends a fair amount of time devoted to developing new units in addition to managing its current stock.

The agency is a High Performer under the Public Housing Assessment System (PHAS), with a 2002 score of 29.2 (out of a total of 30 points) under the Management Operations component.

The agency's 2002 Allowable Expense level (AEL) is $327.50 per unit monthly (PUM). In addition, it receives add-ons of $6.42 PUM for a combined total of $333.92 PUM. This compares with an estimated Cost Study formula allocation of about $437 PUM (adjusted for 2002).

The GHA has about 30 employees: 10 in maintenance headed by an Assistant Director for Facilities Management, who also doubles as the modernization director; 10 in administration; and 10 in central office/department head roles. The first two sets of employees are unionized under separate AFSCME locals. The agency is very centralized and believes this is an appropriate organizational choice. Two property managers have mixed portfolios. Willow Wood is managed by one manager, the PHA scattered site by the other. There is one resident services supervisor, 75% of her time is allocated to Section 8 Family Self Sufficiency (FSS) activities and 25% to the State rental housing program. In practice, the resident services supervisor spends time at Willow Wood because it has the best community facilities building for youth programs (which is the major social service provided at Willow Wood) and because both family developments have families in need of assistance. The resident services supervisor also has the task of promoting and sustaining resident organizations, which tend to fall apart regularly and then are in need of rebuilding.

Finance, procurement and IT systems are managed through the Finance Director. There is an Assistant Executive Director who acts as a general deputy, with all line divisions of the organization reporting to him. He is a former PHA director from a nearby community. The Director has been with the agency for 29 years. He spends 30-40% of his time on various development activities, and a large share of his time on external community relationships, leaving the Assistant Director to handle most of the day to day operations. A few years back, due to a loss of Section 8 administrative fees, several positions were eliminated from the agency. GHA considers that they run with a very lean staffing pattern and regret they do not have additional funds to put into the property upkeep and social service.

Since the majority of the GHA portfolio is State public housing, the organization is primarily organized according to the dictates of the State programs. Massachusetts State rental housing programs are historically underfunded as compared to Federal public housing. They currently receive $180 PUM to operate their state elderly developments as opposed to (probably) $260 they could receive if they were Federal. Similarly on the family side, Riverdale (State) receives $260 PUM to operate, while Willow Wood (Federal) receives $327 (plus add-ons).

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 areas of operating regulations that, compared with assisted housing, are unique to public housing (see Chapter 2).

1. Cooperative agreement with Welfare Agency

No additional cost to this requirement, as a letter was signed some years ago.

2. Deconcentration

The agency has only two family properties. The deconcentration regulation is not applicable.

3. Grievance Policy

The Assistant Executive Director serves as the grievance officer, with provision that a PHA director from a neighboring community will serve in case of conflict of interest. (This process is in operation for all of the units GHA owns and manages.) In the 78 Federal units there were three formal grievances last year. GHA estimated each grievance takes ten hours of time.

4. Pets in Family Housing

The history of pets in GHA is an interesting one. Up until recently no large pets, only fish and birds, were permitted under lease. Now, agency-wide, larger animals are permitted by waiver only, with several restrictions: dogs no more than 40 lbs, one pet only, licensed, shots, $160 deposit, names of vet and 2 alternate caretakers on file, etc. Riverdale, which has large yards, seems to have more of a dog problem than Willow Wood. On the other hand, Willow Wood, with small yards and a compact site, seems to have a cat problem. Both cause sanitary and unit damage problems. Yet the GHA has moved from a no large pet policy to a permissive pet policy for all its units in recent years. It says that it had a problem with illegal pets up to now, and thinks that its current waiver system for legal pets will better allow it to manage the situation. The $160 deposit is non refundable in Willow Wood and refundable under the State program.

GHA estimated costs of the current pet policy for Willow Wood as including 100 hours of property manager monitoring and an additional $600 maintenance staff costs for extra work turning over an estimated four pet occupied units a year; however, the pet deposit would cover those extra unit turnover costs.

5. Rent Rules

There are four "unique" rent rules for public housing.

- Income disregards. GHA says that 5% of the families (4 families) use income disregards. They estimate the paperwork per family at 3 hours per year @ $25 per hour, or a total of $300 cost.
- Minimum rent. There is a minimum rent but there is no cost to administer.
- Imputed welfare income. No tenants reported in this category.
- Annual choice in rent. No tenants reported in this category.

6. Section 3

GHA has always done outreach to hire residents. It has six current and former residents on staff. It uses internal posting, communication with resident groups and formal advertising to insure compliance with Section 3. No additional cost reported.

7. HUD Wage Rates Determination (Maintenance)

GHA falls within the State civil service and state laws regarding wage rates for maintenance mechanics. They pay $18/ hr vs. the applicable Federal mandated wage rate of $15.50/hr. With regard to solicitations, since almost 90% of the stock is State units, they routinely use the State standards. The procurement office is in routine contact with the applicable State office. No additional cost reported.

8. Procurement

The procurement/IT manager does all procurement. They have very minimal materials warehoused. Most items are sourced when needed.

GHA is governed under the State procurement system, which has a $25,000 threshold (recently raised from $5,000). Even so, there are few items within operation of 78 Federal units that fall within State bid requirements and no items that fall within the Federal small purchase threshold of $100,000. No additional cost reported.

9. Waiting Lists

GHA maintains two family waiting lists, one for Federal and one for State developments. Typically families sign up for each. There are individual family preferences (some families prefer Willow Wood to Riverdale and some prefer Riverdale to Willow Wood). Families really want the few scattered site units that are accessible under each waiting list. Families get one choice initially and two choices upon transfer. No additional cost reported.

10. PHAS

PHAS is also an area GHA finds very time consuming and costly to comply with. The Assistant Executive Director and the fee accountant manage the system. The agency reports, collectively, that it believes that it spends an additional 260 hours of staff time to prepare the PHAS reports, plus an additional $1,500 for the fee accountant. Of this amount, the Director estimates that one half the costs are associated with normal data collection and analysis that would occur absent the PHAS requirements.

11. Annual Unit Inspections

The agency does an annual inspection as a matter of good practice. No additional costs were identified with complying with this regulation. The Assistant Executive Director and the Assistant Director for Facilities complete the inspections.

12. Annual Plan/Report

This was an area of considerable cost and dissatisfaction within the GHA. While it submits a streamlined plan, GHA reports it spends 3-4 months dealing with the process of complying with resident input and gathering required data, holding hearings, filing electronically, etc. The Asst. Executive Director manages this process. The fee accountant works with him to assemble data and file it with HUD. Initial year costs were very high, but continued problems with electronic filing keep current costs higher than they should be, the agency reports. The GHA suggested that the personnel cost estimates they made could perhaps be reduced by 10-15% in a seamless process of electronic filing and HUD review. In general, they believe annual planning is a good practice, but do not find the HUD annual plan an effective instrument for local decision making and resident input. (For example, they have an extensive agency wide resident involvement system, but the RAB, which deals with only 78 public housing families, is a separate entity only applicable to preparing the public housing annual plan). GHA estimates that 5-10% of the Annual Plan costs are attributed to the Capital Plan portion. They do not believe, absent the Federal requirements, they would engage in an annual planning process except for capital expenditures.

Total annual plan costs are estimated at $8,000, which includes a 10% deduct for the capital planning element (since capital planning is funded separately through the Capital Fund).

13. Tenant Participation Requirements

GHA has had an extensive system of resident participation in place for some time. It considers it good business practice. It promotes and helps sustain tenant organizations in each of its developments. It meets two to three times during the Annual Plan process with the tenants' organization at Willow Wood. Unrelated to the Annual Plan, five GHA staff people meet monthly with all the officers of all the resident organizations. The Director and Asst. Exec Director also spend time in phone conversions with resident organization officers weekly. The GHA Commission has a practice of rotating its monthly meetings at all the developments.

Yet, the recent Past President of Willow Wood Tenants Association, who was interviewed by the study team, found the process frustrating. She said some residents view the officers of the tenants association as "spies" for the GHA. She found that meetings frequently descended into bickering among residents and, because of that, officers often quit or failed to maintain active participation. She said that the GHA works hard to maintain communication, but that the tenants' association itself seems unable to pull together to identify positive things they can do to improve their development.

With the exception of the RAB (costs noted elsewhere) GHA considers tenant organizational activities a good business practice. GHA also notes that the new policy of providing $25 PUY for the federal units for tenant organizations has caused a problem since the allocation out of the state program is $3 PUY.

14. Admission of Young-Disabled

GHA has no Federal public housing elderly developments. The State program also has a requirement to admit up to 13% young disabled, so GHA has many of the same cost factors in their State elderly developments. GHA currently has less than the maximum number of young disabled in their State developments.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

Only two areas of cost were identified with the general operating environment, and both associated with the fact that GHA is a State agency.

1. Employee Compensation

As mentioned above, maintenance staff are paid $3.50 per hour above the Federal rate. All employees are participants in the State health insurance program (85% employer cost) and State retirement system. The agency has a 31% fringe benefit burden.

Interviews with GHA staff suggested that their perception was that, compared to private comparable property management jobs, GHA paid more on maintenance, less on white collar jobs, but gave better fringe benefits to both. White-collar employees at GHA have a 35 hour work week and Fridays in the summer off. There are other benefits (more personal days, etc.) that are not reflected in the fringe package rate quoted above.

2. Organization and Work Rules

The centralization of the agency is by choice. The Director does not believe that the fact that there are two unions adds appreciably to cost.

3. Resident Programs

As indicated previously, and other than the prescribed Federal participation requirements, the agency has had a long-standing commitment to active resident involvement, which it considers good business practice.

4. Population Housed

There is no difference in population served between the State and Federal program populations, nor does it appear that the population is demographically different from other assisted housing in the metro area. The City of Gloucester does not have any federally assisted family housing within the city limits.

5. Security costs

The agency incurs no security costs nor is there any perceived need for security personnel. However, there is some desire for more capital dollars for security equipment at State elderly developments.

6. Information Technology

GHA's IT system is organized to deal with State programs. Public housing IT costs (with the exception of electronic filing problems costed out elsewhere) are not disproportionate to whole system.

7. Legal Costs

This is the second area where State mandates generate costs. GSD was told that the Regional Housing Court requires that both public and assisted housing agencies be represented in eviction court by an attorney. This is not the case in other parts of the State. In the last three years there were 20 evictions at Willow Wood, 16 for non payment and four for cause, for an average of about seven cases a year. The GHA estimated its legal time at ten hours per non-payment case and 20 hours in for-cause cases. However, GHA has access to a shared legal service staff person that actually handles these cases at no cost to the agency. They estimate that legal representation would have cost about $8,000 for in house legal representation for the 78 units of public housing.

8. Local Mandates

There was much discussion about whether the time the Director spends doing "community relations" was an operating environment cost and whether non-profits did comparable work. The GHA agreed that this was a local choice reflecting good business practice.

9. Responsiveness/Accountability

The GHA found this item hard to quantify and found no significant cost.

10. **Other Public Entity Costs**

None identified.

REGULATORY WORKSHEET
GLOUCESTER HOUSING AUTHORITY

CATEGORY	DESCRIPTION	ANNUAL	PUM
1. Cooperation with Welfare Agency	No additional cost reported	$0	$0
2. Deconcentration	No additional cost reported	$0	$0
3. Grievance Policy	3 grievances @ 10 hours time @ $45/hr	$1,350	$1.44
4. Pet in Family Housing	100 extra hours of site manager's time	$2,500	$2.67
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents		$300	$0.32
6. Section 3	No additional cost reported	$0	$0
7. Section 12(a) Wage Rates	No additional cost reported	$0	$0
8. Procurement	No additional cost reported (no purchase with operating funds in excess of $100,000)	$0	$0
9. Waiting lists	No additional cost reported	$0	$0
10. PHAS	• $1,500 additional cost to fee accountant, • $6,400 additional staff time for financial and operations reports (160 hours @ $40/hr) • $2,500 additional staff time for resident survey (100 hours @ $25/hr)	$10,400 @ 50%=$5,200	$5.56
11. Annual Unit Inspections	No additional cost reported.	$0	$0
12. Annual Plan	• $1,000 of additional time for fee accountant, • $6,800 GHA staff costs (170 hours at a blended rate of $40/hr) • $500 advertisements • $600 supplies, copying, incidental costs	$8,900 @90%= $8,000	$8.55
13. Resident Participation Requirements	Covered under Annual Plan	$0	$0
14. Young-disabled in Elderly Buildings	No elderly public housing buildings.	$0	$0
TOTAL		$17,350	$18.54

Kingston, NY Housing Authority
Case Study Field Notes

BACKGROUND

The Kingston, NY, Housing Authority (KHA) has 131 public housing units, all of them in one well-maintained site (Roundout Gardens) that was completed in 1970. The east portion of the site contains 62 one bedroom units, serving primarily elderly households, and the west portion of the site contains larger bedroom units that serve families. Sixteen of the family units are 4 and 5 bedroom units. The agency is bringing on line an additional 31 public housing units in other properties it owns (a 236 and a tax credit property), but these units are not yet receiving operating subsidy.

In addition to its Federal public housing, KHA has 190 units of New York State public housing (which predate the Federal units). It has also recently taken over ownership and management of a 120-unit Section 236 family development, co-developed a new 40 unit tax credit elderly/handicapped development, and has a long-time contract to provide administrative services for a six-story assisted elderly development of 104 units. In addition, it receives about $200,000 annually in income (mainly maintenance service contracts) through a non-profit (KHA, Inc.) that is designed, among other things, to provide employment and training opportunities for residents.

This is a very well run authority that provides property management services to a higher standard than those found in other assisted properties in the area. Its 2001 Public Housing Assessment System (PHAS) score for the Management Operations Component was 30 (out of a total 30 points).

The agency's 2002 Allowable Expense Level (AEL) is $350.06 per unit monthly (PUM). In addition, it receives add-ons of $13.41 PUM, for a combined total of $363.47 PUM. This compares with GSD's estimated AEL of around $267 PUM (adjusted for 2002) under the cost model.[3] While the AEL for the 131 Federal units is ample, overall the authority must run on a very lean budget because the state units receive no operating subsidy.

The Director has been with the agency for 14 years and carefully balances the desire to achieve social objectives (e.g., housing very low income large families and young disabled) with the self-imposed demand to manage property to the highest standard. The Director achieves these dual objectives through very careful allocation of resources, recruitment of strong staff and an incentive pay and promotion approach to employee compensation. KHA is not unionized even though city employees are. KHA employees are required by law to be part of the State civil service system, which dictates a generous fringe benefit package and some additional requirements related to employee hiring (beyond what would be typical of an owner of assisted housing). However, the State does not seem to interfere in setting of wage rates or job descriptions, so the agency (with some minor inconveniences) is able to operate within a free labor market environment. Much of the public housing-specific regulatory work is done by consultants through long term, and apparently cost-effective, contracts.

The agency does not operate a Section 8 Voucher program; rather, the voucher program is administered directly by the City.

The Director is a dominant force in the agency's achievements. He wants to continue the agency's growth in both development of new properties and expansion of its contract property management and maintenance work. Much of his time is spent on development and he is trying to "let go" of the hands on oversight of the property management functions, without sacrificing quality.

[3] Kingston is categorized as "rural" under Census definitions and, as a result, receives a "geographic coefficient" of minus-11%.

For its 585 total owned and managed units, KHA has about 19 employees (ten regular maintenance, eight administrative staff, and one resident position). There are three property managers, one of whom is a working supervisor. The position of controller was recently created and filled about a year and a half ago. A social service staff position is now unfilled because of cuts in the Drug Elimination Program.

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperation Agreement with Welfare Agency

No additional cost is reported. The agency has a good working relationship with the local welfare agency.

2. Deconcentration

Not applicable**.** Documentation is done as part of cost of preparing the annual plan. Further, the agency only has one property.

3. Grievance Policy

This is an area in which the agency appears to do more than Federal regulations require (in part because of the belief that it is required). KHA has a long-time contract with a local attorney, a flat fee, in which he provides legal support in the grievance process. They have a four-part process: An informal hearing, the filing of an eviction, a formal hearing and a court appearance at eviction proceedings. At the informal hearing generally 2 hours of staff time and 1 hour of the attorney's time is required. For the preparing and filing of eviction papers KHA estimates one hour of attorney time. For the formal hearing, for which they negotiate each time a suitable hearing officer acceptable to the tenant, they have recently incurred the following costs: $900 for a hearing officer, $275 for a stenographer, 20 hours of staff time leading up to and in the hearing and in preparing a report, five hours of legal time. They report an average of two grievances a year from Rondout Gardens, with one going through the formal hearing process. The imputed cost of the formal grievance part of this procedure is $2,300 per year.

4. Rent Rules

There are four "unique" rent rules for public housing.

- Income disregards. One tenant in this category. No additional cost.
- Minimum rent. Although the agency has established a $50 minimum rent and, therefore, must provide a hardship exemption, no additional cost is reported.
- Imputed welfare income. There are no tenants that have "imputed" welfare income.
- Annual choice in rent. KHA reports one tenant at Rondout Gardens presently has a flat rent. The property manager spends one hour per month answering tenant requests for information as to their eligibility.

5. Pets in Family Housing

KHA has had a longstanding policy prohibiting all pets from all its properties. It had held-out in implementing a pet policy in hopes that the regulation would change. It has recently implemented a pet policy that limits dogs to 30 lbs, has a $300 deposit, a $25 annual fee and other requirements. It expects significant property management problems arising from allowing dogs. It anticipates two hours a week of management and maintenance time to police the policy and the grounds. Property damage should be offset by deposits. At the current time there are three legal pets registered.

6. Section 3

KHA has always been committed to tenant job creation. Five of its 19 full time employees began as tenants in KHA. It also creates part time Section 3 jobs through KHA, Inc. At this time, there are ten employees in this category, which corresponds to about three full time equivalent (FTE) positions.

7. Procurement

There are no procurements in excess of $100,000 under the operating budget.

8. HUD-Determined Wage Rates (Maintenance)

Maintenance wages are at or above HUD minimums.

9. Annual Plan

The agency submits a streamlined plan prepared by a consultant who charges $3200 to prepare that and the Capital Plan. The consultant estimates that 25% of his time is allocated to the Annual Plan. The Director spends an additional 10 hours working with him. In the last three years no one has shown up at the public hearing. Legal Services also seems to have no interest in commenting on the plan. The IT consultant has no involvement. Since, absent the Federal regulation, the agency would not hire a consultant, the study team did not make any downward adjustment for the cost of a normal planning process such an agency would typically undertake.

10. PHAS

The study team identified costs in three areas of PHAS: financial report, management report and the tenant survey. For the financial report, the fee accountant reports a $4,000 increase in cost to the agency for his services, of which 50% is attributable to preparing the financial reports for PHAS. The management report is done in house, by the controller and other staff. They estimate 24 hours of their time, total. For the notice of the tenant survey and answering questions the estimate is 12 hours time.

It should be noted that the REAC physical inspection component, which KHA finds very time consuming, was not costed-out because it is the same for assisted housing. KHA inspects all units prior to the REAC visit, but this is also standard private property management practice.

11. Annual Unit Inspections

The agency does one annual unit inspection of all units as a good management practice. In fact, they find occasion to visit units monthly for extermination and prepare written reports on dirty apartments or required repairs.

12. Tenant Participation Requirements

KHA finds its efforts to sustain resident organization efforts largely ineffective. KHA attributes this to excellent management. The current President of the RAB is being evicted for fraud. KHA laments the loss of the Drug Elimination Grant because it provided a means to support youth services and some minimal extra police patrols. They expect there may be some negative tenant reaction to the loss of these services. There is no tenant interest in the annual plan process. No one has attended the public hearing in the last three years. The cost of the public hearing (which no tenants attended) is included under the annual plan costs.

13. Waiting lists

The agency maintains one waiting list for its public housing developments. No costs associated with site based waiting list regulations.

14. Admission of Young Disabled

Of the 62 one bedroom units on the East side of Rondout Gardens, 16, or 26%, are occupied by young disabled. The agency reports that this population, as a whole, presents additional management challenges in an elderly setting, largely due to the fact that they are young, rather than that they are disabled. Additional unit maintenance costs are estimated at two hours per month. At the present time there is no evidence of higher unit turnovers, but that may occur if the percentage of young disabled rises. Elderly tenants seem to have better luck accessing supportive services, though this may be because the young disabled are more resistant to receiving services that may be available.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee Compensation

The agency appears to pay wages that are moderately-to-substantially higher than comparable operators of assisted housing in the same market. Employee benefits are also higher, accounting for about 33-34% of salaries.

2. Organization and Work Rules

KHA reports no significant impacts of work rules being dictated by outside factors except that the City provides its employees a shorter workweek in the summer and they have decided to mirror this practice as a means to sustain employee commitment to the agency. KHA feels it has some difficulty attracting and retaining good clerical help because it is part of the State civil service system.

3. Resident programs and initiatives

Drug Elimination money has been cut from a high of $67,000 to $28,000 to nothing. The Director feels this will negatively impact on the development. The agency is seeking non PHA sources of funds to partially compensate for loss.

4. Population Housed

The Director feels there ought to be some way to compensate PHAs that have large percentage of large family units (4-6 bedroom units). They have 16 and find these families produce a disproportionate number of work orders and staff interventions. However, a study team review of work order files suggested that the work was not disproportionate (one work order a month seems to be the norm for these units).

5. Security costs

In the past, some Drug Elimination funds were used for additional police coverage. The Director is ambivalent about the idea of paid security even if funds were available; he prefers instead KHA's current efforts to make tenants the first line of defense in building security. Currently no money is being budgeted for security from operations.

6. Information Technology

The agency does not utilize one of the standard integrated software programs developed and marketed specific to public housing. Instead, the agency utilizes an IT consultant who has worked for a number of years developing and managing the IT system. The annual centralized cost to support this system (IT staff, consultants, hardware/software maintenance, etc.) is on the order of $8 PUM, exclusive of one-time purchases of software and equipment. This spending is substantially higher than what would be found among operators of assisted housing.

7. Legal costs

KHA has a long time legal counsel on a fixed fee retainer that is currently $20,000 per year plus $7,000 of health insurance coverage. Of that, roughly half pays for legal work in KHA development matters. The other half is attributable to the whole range of legal activities associated with agency operations in property management of 481 units. Extra costs associated with the special public housing grievances are noted above.

There is a perception that Legal Services puts more energy into seeking out KHA tenants as clients, and hence causes some additional costs to agency, but this is a perception only.

8. Local mandates

No significant local mandates which result in negative impacts on KHA identified. KHA has a very good relationship with city government, community and press.

9. Responsiveness/Accountability

KHA is called upon, from time to time, to help in various community “clean up” campaigns. Perhaps 10 man hours per month of donated time. KHA also cuts grass on public lands adjacent to Rondout Gardens, in part to improve visual impact for both tenants and community. In some sense they consider this good public relations and good marketing for their KHA Inc. maintenance firm.

10. Other Public Entity Costs

The agency reports no other special public entity costs, other than the requirement for public board meetings, which do not appear burdensome.

REGULATORY ENVIRONMENT WORKSHEET
KINGSTON HOUSING AUTHORITY

CATEGORY	DESCRIPTION	ANNUAL	PUM
1. Cooperation with Welfare Agency	No additional cost reported	$0	$0
2. Deconcentration	No additional cost reported	$0	$0
3. Grievance Policy	1 formal hearing @ $900 for hearing officer, $275 for stenographer, 20 staff hours @$25, and 5 legal hours each @125 each	$2,300	$1.46
4. Pet in Family Housing	100 extra hours of site manager's time	$2,500	$1.59
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents	12 hours @ $25/hr for income disregards	$300	$0.19
6. Section 3	No additional cost reported	$0	$0
7. Section 12(a) Wage Rates	No additional cost reported	$0	$0
8. Procurement	No additional cost reported (no purchase with operating funds in excess of $100,000)	$0	$0
9. Waiting lists	No additional cost reported	$0	$0
10. PHAS	• 50% of $4,000 net additional cost of fee accountant • 24 hours management staff time @ $25/hr • 12 hours for tenant survey @ $25/hr	$2,900	$1.84
11. Annual Unit Inspections	No additional cost reported.	$0	$0
12. Annual Plan	• 25% of $3,200 net additional consultant cost • 10 hours x $50/hr	$1,300	$0.82
13. Resident Participation Requirements	Covered under Annual Plan	$0	$0
14. Young-disabled in Elderly Buildings	24 hours @ 25/hr	$600	$0.38
TOTAL		$9,900	$6.28

Laurinburg, NC Housing Authority
Case Study Field Notes

BACKGROUND

The Laurinburg, NC, Housing Authority (LHA) has 492 units of public housing and 530 Section 8 vouchers. Its ten public housing developments are located within a five mile radius of the central office. The agency also fee-manages a total of 374 units, which includes: a 48-unit tax-credit property, an 80-unit Section 8/202 property, a 50-unit Rural Development/Section 8 property, and 190 units of public housing for two adjacent housing authorities.

The LHA is located in the southeastern corner of the state, which the Census defines as rural. The population of the city is approximately 15,000 and the population of the surrounding county is approximately 30,000.

Organization

The current director has been in her position since 1981 and the agency is recognized for its stable and competent leadership. The agency is a High Performer under the Public Housing Assessment System, with a 2001 score of 30 (out of 30) in the Management Operations component.

A five-member board oversees the agency. The board meets bi-monthly, for between one and two hours. General performance reports are provided to the board on a monthly basis.

For its public housing, the agency delivers property management services under a fairly centralized arrangement. All maintenance work is provided through a central maintenance department. When a resident has a work order request, it is called into the central maintenance department. The central maintenance department is also responsible for annual unit inspections. The agency also maintains a central warehouse and central waiting list/leasing office. The housing managers are mostly responsible for rent collections, lease enforcement, and recertifications.

Budgeting and Financial Management

The agency's FY 2003 Allowable Expense Level (AEL) is $177.38 per unit monthly (PUM) but it also receives add-ons of $23.93 PUM for a combined total of $201.31 PUM. The agency's AEL is in the lowest 2% in the country and the lowest for North Carolina. (By comparison, GSD's cost model predicts a figure around $252 PUM, adjusted for 2002). Not surprisingly, because of this historically low AEL, the agency typically subsidizes the operating budget with funds from the Capital Fund Program and with entrepreneurial activities. In recent years, it has contributed around $15 PUM from the Capital Fund and uses fees earned on management contracts and retained administrative fee earnings from the Section 8 Housing Voucher program to pay for computer upgrades, vehicle replacement, and other public housing-related purposes. Levels of administrative and support staff are less than neighboring agencies with higher AEL funding. The operating budget generally does not pay for non-routine maintenance items, which instead are typically funded through the Capital Fund or other earned income. No technology cost has been paid out of Public Housing Operations.

The Agency also severely limits travel and participation in seminars, meetings and training. Only training located near by and training that is essential is allowed.

Consistent with its more centralized organizational structure, the agency does not maintain a system of property-based budgeting and accounting. While the agency has the ability to track certain direct property costs (administrative salaries, the purchase of appliances, rubbish removal), the agency relies primarily on agency-wide financial fund reporting. Under current arrangements, the agency could "allocate" the expenditures on central maintenance but would not be able to determine actual maintenance costs on a property-by-property basis.

The agency receives about $888,000 annually under the Capital Fund, or approximately $1,790/unit. The properties, while old in age and requiring varying levels of modernization, appear in sound physical condition. The agency has no distressed properties.

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperative Agreement with Welfare Agencies

The agency has a signed agreement for its Welfare-to-Work Program and for the sharing of information with the state's welfare agency. Although it does require staff time to manage that relationship, the agency reports that this agreement makes securing information on tenants and applicants much easier. As such, the agency regards the maintaining of a cooperative relationship as part of good business – something they have always done and not something they need to do as a result of any HUD requirements. Consequently, there is no additional cost associated with implementing this requirement.

2. Deconcentration

Initially, the agency worked with its software vendor to design a database query. This took about a week of staff time plus about eight hours of the vendor's time. The agency can now pull the required data in a matter of minutes, when needed for insertion in the Annual Plan.

With the exception of one scattered site property, all of the properties have average incomes substantially below 30% of the median for the area. The agency's overall strategy is to promote deconcentration by offering preference to working families and by providing well-maintained housing. The one scattered site that exceeds the established income range is a Family Self-Sufficiency property, where the focus is on employment. As a consequence, the agency experiences no material cost in complying with this requirement.

3. Grievance Policy

A hearing officer is selected at the time of request, agreed to by both parties. A local attorney has traditionally served this function, on a pro-bono basis. (It should be noted that the agency does not utilize the same formal grievance process for its non-public housing properties.)

The agency has had no grievance hearings in the past twelve (12) months. The director reports that "maybe seven or eight" grievances were held in her 23-year tenure. Consequently, no material costs are reported for this requirement.

4. Rent Rules

There are four "unique" rent rules for public housing:

- Income Disregards. The agency reports that there are 24 households who currently have income disregards and that such families require an hour or two more a year of the housing manager's time.
- Imputed Welfare Income. There are 22 imputed welfare income cases.
- Minimum Rents. The agency did not want the additional administrative tasks associated with providing hardship exemptions and, therefore, implemented a $0 minimum rent.

- Annual Choice of Rents. Three households currently have chosen the flat rent.

Not more than 100 hours a year have been assigned, collectively, to the additional rent rules that affect public housing.

5. Pets in Family Housing

The agency has adopted a fairly standard pet policy for family housing ($200 deposit, no pet more than 20 pounds, all pets must be on a leash when outside the unit, etc.). The agency reports that “pets are more of an aggravation than a real problem.” Only two family households (less than one percent) have registered a pet. No additional cost is assigned to this unique requirement. The agency does report that the requirements related to having a registered pet do discourage casual pet ownership.

The agency has long had issues with stray or illegal pets; that issue has not changed since adoption of the pet policy.

6. Section 3

The agency promotes Section 3 in both its hiring and contracting; however, it reports no material costs associated with this special provision. As a small agency, it employs only a small number of employees and turnover is low, resulting in few new postings a year. Additionally, the agency procures for only a small number of services annually out of the operating budget for which Section 3 would apply. Consequently, there are no material costs associated with implementing this requirement.

7. HUD-Determined Wage Rates

The agency is not subject to a collective bargaining agreement and has adopted pay levels based on what it considers local practice, subject to funding availability. HUD issues the agency its HUD-determined wage rates bi-annually, which are lower than the agency’s wage rates. Additionally, the agency does not report any material cost related to the application/monitoring of HUD-determined wage rates for maintenance staff, mostly due to the fact that few items are contracted out.

8. Procurement

The agency utilizes a centralized procurement manager to handle all purchasing and inventory management functions. However, the agency reports that there were no items purchased with operating budget funds in the past year that exceeded the federal small purchase threshold of $100,000, which the agency has adopted as policy. There are no special state/local rules requiring the agency to use a smaller threshold. Consequently, there is no material cost associated with this requirement.

9. Waiting Lists

The agency maintains a single waiting list, indicating that, in a small agency and in a small town, site based waiting lists are not practical.

10. PHAS

The agency has a fairly elaborate system of reports to generate the data needed to report PHAS indicators and to fully document the calculation of those reports; this system would not be so elaborate absent PHAS. For example, the agency would continue to track vacancy turn days, lost rent, work order turn time and other items related to the bottom line or customer service satisfaction, although possibly in a format and time frame that makes sense to the operation. It reports that it would also track evictions and lease enforcement, but not necessarily the number of complaints made to police.

The agency reports spending about eight (8) hours a month collecting monthly reports and eight (8) hours tabulating the year-end report, not including submission time. Overall, it reports about one hundred nine (109) staff hours in preparation and documentation of PHAS, at a rate of $20/hour.

11. Annual Unit Inspections

The agency has historically conducted annual and semi-annual unit inspections. The cost of this requirement rests largely with the incremental cost associated with the lengthier Uniform Physical Condition Standards (UPCS) protocol. The agency reports that it requires about 45 minutes more to conduct an annual inspection under UPCS as compared with Housing Quality Standards (HQS) inspections; then, there is additional time (15 minutes per inspection) for creating a special file for annual inspection repair documentation.

The agency hired a full-time inspector to do annual inspections and track the follow-up repairs ($28,000 annual salary). Previously, the Property Manager conducted an annual inspection, which identified repairs and housekeeping issues. A copy of the inspection, listing repairs, was given to Maintenance and completed work orders were returned to Management. Now, the agency believes it has a more complicated system. It plans soon to implement a hand-held computer inspection system, as soon as it feels that HUD has settled on one.

The agency has also developed a database to track inspections and the follow up work orders to confirm repairs in order to track, which took several days of staff time

12. Annual Plan/Report

The agency begins the annual plan process each year eight months before the plan is due, beginning with a Board of Commissioners' planning session. It reviews the mission statement, evaluate progress and set priorities for the next twelve (12), twenty-four (24) and sixty (60) months. (The agency did this before the Annual Plan but on a different time line.) The management team of the agency then uses the goals and plans of the Board for a management planning retreat. Some of what comes out of this planning exercise is not included in the plan because it is either strategic or management planning, not required in the Annual Plan. Following this planning exercise, a draft plan is presented to the resident advisory Board and to the Resident council for review and comment. The plan is then revised and posted for public review and scheduled for public hearing, as required. Informational meetings are held at least bimonthly during the year so the information is not new when it is presented in the draft plan.

While this agency is a strong proponent of planning, it reports that the Annual Plan process, with its check-box format, is not useful for its purposes. Indeed, most of the real strategic planning is never included in the plan due to the format and requirements.

The first Annual Plan transmissions were frustrating and maddening. The agency reports a total of approximately 800 to 900 hours of staff time in study, meeting, collecting data and drafting first documents. The initial plan process was more difficult because all other regulations and policy were also in the interpretation and revision process.

Currently, the agency reports that, given that it knows what is expected, the Annual Plan process is now fairly routine.

In 2002, there were no public questions or comments and the agency had only five attendees at the public hearing. The "official" public meeting is held just before a regularly scheduled board meeting. Following the public hearing, the board approves the plan.

13. Tenant Participation Requirements

The agency uses the current $25 PUA funding for Resident Participation for various meetings, transportation, circulars and notebooks, and other miscellaneous organizing tasks. It reports no other costs related to regulatory requirements governing tenant participation.

14. Admission of Young-Disabled in Elderly Buildings

Although the agency does not have any elderly properties, per-se, there are 60 one-bedroom units at one property, and 40 one- and two-bedroom units at another property, that traditionally served seniors. About 20% of these units are now leased by "young-disabled" households.

Although the agency does report a number of management problems relating to the admission of "young disabled" in elderly buildings (discussed below), the perceived paperwork burden associated with submitting a request for designating buildings as "senior only" has kept the agency from applying for designation.

Although it is not able to track these costs, the agency reports increased vacancy and neighborhood complaints as a result of the housing of young-disabled persons in elderly properties. The agency gave a recent example of two cases that "involved almost (40) forty hours of staff time." The agency believes that it has experienced higher turnover among its senior applicants (who are believed to move when there is a problem rather than complain and face perceived retaliation). The agency reports that eviction of a disabled person who violated the lease is also more difficult than for the non-disabled.

The agency believes that a case manager who is qualified to deal with the mentally disabled would be a great relief. Since there is no staff to review each case on a regular basis, problems are seldom identified in the beginning. Earlier and regular management of potential problems could greatly reduce the follow-up time factor.

The agency indicates that no staff would be reduced if the agency were to designate buildings as "senior only" since none was added to deal with this new problem. Work on existing staff and stress would be lessened. Also, workload could be better managed if crisis intervention were not so common. GSD was not able to estimate the impact of this regulation but it also is unclear that there is a federal responsibility here in that the PHA could apply to designate these units as senior-only.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee Compensation

Wages for on-site administrative and maintenance staff are roughly comparable to wages paid by private operators of assisted housing in the local market. The agency reports that it routinely surveys local governmental entities as well as other housing authorities and finds its salaries low in comparison.

The agency also reports much lower turnover of staff, which it partly attributes to its more desirable benefit package, which includes 8% agency retirement contribution, full health benefits for the individual (employee pays for family). Employee benefits amount to about 35% of payroll, compared to about 22-28% of payroll for private operators.

2. Organization and Work Rules

Other than the more centralized organizational arrangements, there appear to be no special or restrictive work rules that the agency operates under that would cause it to have higher costs than other operators of assisted housing.

3. Resident Programs and Initiatives

The agency spends about $45,000 on tenant services from the operating budget (nothing from the capital budget), or about $7.62 PUM. However, this is funding that represents an add-on for Family Self-Sufficiency. Additionally, it offers a Learning Center at one of its family sites, with fifteen computers and a range of programs for children and adults; however, the learning center and the other programs were previously all funded through Public Housing Drug Elimination Grant Funds. The agency is attempting to find new sources of revenue to continue these programs.

4. Population Housed

Although the agency is often viewed by the public as "housing of last resort", the agency aggressively attempts to screen for "good" residents and does not attempt to serve any population that is more costly than other operators of assisted housing.

5. Security Costs

The agency does not spend any funds on police or security guard services, from the operating or capital budgets. It works with local police to identify problems, provides a community watch and evicts those involved in criminal behavior.

6. Information Technology

The agency utilizes a financial software program for the general apartment management industry and has customized other modules to meet its needs (e.g., work orders). The annual centralized cost to support this system (IT staff, consultants, hardware/software maintenance, etc.) is under $3 PUM, exclusive of one-time purchases of software and equipment. This spending is roughly comparable to what would be found among operators of assisted housing.

7. Legal Costs

The agency does not report any extraordinary legal costs.

The agency spends under $1 PUM in the operating budget on legal costs. This amount is somewhat under other operators of assisted housing in the area. It pays an annual retainer of two thousand four hundred dollars ($2,400) for legal services, which includes attendance by the attorney at the Board meetings. Court time and non-routine matters are handled on an hourly basis. The cost for the attorney rarely exceeds five thousand dollars ($5,000) per year.

It should be noted that the agency has very high standards for lease compliance and appears to be fair and consistent in the application of the lease. As a consequence, there is a high level of self-compliance.

8. Local Mandates

The agency does not have any locally-imposed procurement requirements (no special MBE/WBE programs or resident-owned business development programs). However, because it generally applies for grant funds there is an expectation that it will provide after-school activities and training opportunities. It previously received about one hundred eight thousand ($108,000) a year in funds for service programs. Without PHDEP it will not be able to continue the current programs. It has never used operating funds for service programs due to its low AEL. Otherwise, it reports no other local mandates.

9. Responsiveness/Accountability

The agency believes that it is expected to make repairs almost immediately and to maintain its properties at higher standards than other assisted operators. It believes that many privately owned subsidized properties do minimum interior maintenance.

10. Other Public Entity Costs

The agency does not feel that it pays more for services, or gets poorer service, as a result of being a public entity. However, it feels that, as a public entity, it incurs additional operating costs because:

- REAC is "pickier."
- Violations of private sector go unnoticed.
- Public meeting costs (advertising, posting, notices, etc.).
- More requirements for technology and complicated reporting of data than other housing programs
- Excessive and frequent change to rules, regulations and reporting in public housing as compared to Section 8 New Construction

REGULATORY WORKSHEET
LAURINBURG, NC HOUSING AUTHORITY

CATEGORY	DESCRIPTION	ANNUAL	PUM
1. Cooperation with Welfare Agency	No additional cost reported	$0	$0
2. Deconcentration	No additional cost reported	$0	$0
3. Grievance Policy	No grievances in past year	$0	$0
4. Pets in Family Housing	No additional costs reported	$0	$0
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents	100 hours at $18/hr burdened rate	$1,800	$0.30
6. Section 3	No additional cost reported	$0	$0
7. Section 12(a) Wage Rates	No additional cost reported	$0	$0
8. Procurement	No purchases over $100,000 in operating budget	$0	$0
9. Waiting lists	No additional cost reported	$0	$0
10. PHAS	109 hours x $20/hr	$2,180	$0.37
11. Annual Unit Inspections	492 units x 1.0 hour x $20/hr	$9,840	$1.67
12. Annual Plan	850 hours x $20/hr x .60 (PH allocation)	$10,200	$1.73
13. Resident Participation Requirements	No additional cost reported	$0	$0
14. Young-disabled in Elderly Buildings	See previous narrative.	Not able to estimate.	Not able to estimate.
TOTAL		$23,948	$4.06

Housing Authority of the City of Los Angeles
Case Study Field Notes

BACKGROUND

The Housing Authority of the City of Los Angeles (HACLA) owns 7,551 units of public housing and about 1,500 units of "affordable" housing (primarily tax-credit, bond-financed, and Section 8 New Construction properties). The agency also administers approximately 44,000 Section 8 housing vouchers. The agency self-manages all of its public housing properties and utilizes private management for 426 of its affordable housing units.

The agency is a High Performer under the Public Housing Assessment System (PHAS), with a 2001 score of 29 (out of 30) on the Management Operations component.

The agency's public housing is old (mostly built in the 1940s and 1950s) and serves predominantly "families"; just six properties, totaling 455 units, were built for elderly households. The agency has received two HOPE VI grants but still has several more "distressed" properties for which it may seek additional HOPE VI or other funding sources. Through demolitions, its stock has been reduced by some 1,000 units in the past five years. The agency receives approximately $21 million a year under the Capital Fund and estimates its capital needs at around $350 million.

Among the case study agencies, HACLA has the most extensive arrangement of tenant services and programs, a significant portion of which are funded through either the Operating or Capital Fund. In the current year, approximately $1.7 million ($18.76 PUM) is budgeted for tenant services through the operating budget; another $2.0 million ($22.07 PUM) is funded from the Capital Fund. In addition, nearly all of the agency's Capital Fund modernization projects are done through its "Kumbaya" apprenticeship/public construction program. Only a small number of modernization projects are bid to private contractors.

Like the Housing Authority of Baltimore City (HABC), the HACLA also operates a public housing police force. In 2001, this police force was budgeted for 63 sworn officers although current strength is down to 39 budgeted positions, of which 34 are filled. Also like Baltimore, the agency is considering major changes to its public safety program, an initiative precipitated by both the loss of Drug Elimination Program funds and other fiscal pressures.

The current director has been in the position since 1994.

Organization

The agency is overseen by a seven-member board that meets bi-monthly. The state requires that two of these board members include residents of public housing, one from senior housing and one from family housing. The board has five subcommittees (human resources, finance, operations, tenant relations, and security). The operations committee meets twice-monthly; the others meet on an as-needed basis. Board members receive a $50 stipend per meeting, up to a maximum of four meetings per month. Board participation is extensive.

The agency delivers property management services through a combination of centralized and decentralized structures. The agency maintains a central waiting list/leasing office, a central work order intake center, a central warehouse and purchasing office, a central inspections department, a central police and security force, a central tenant services office, and a fairly sizable central maintenance shop, which is comprised of various crafts personnel. At the site level, the housing managers are responsible mostly for lease enforcement, rent collections, recertifications, and routine maintenance.

Budgeting and Financial Management

The agency's' FY '02 Allowable Expense Level (AEL) is $399.23 per-unit-monthly (PUM). In addition, the agency receives $25.72 PUM in various add-ons, for a combined total under the Operating Fund of $424.95 PUM in non-utility funding. To this amount, the agency typically contributes another $3 PUM from the Capital Fund for operating-type expenses such as "employee training." By comparison, Harvard's operating cost model predicts an agency-wide operating cost of around $376 PUM for 2002, exclusive of taxes and utilities. The agency also frequently uses its administrative fees from the Section 8 voucher program to subsidize operating type expenses. This amount varies from year to year, but can be significant.

While the agency maintains a system of project-based budgeting and accounting, approximately 50% of the agency's non-utility operating costs are incurred by various centralized cost centers and, therefore, not accounted for in each property's budget. Consequently, the property-based budgets represent only the spending that the site managers are most directly responsible for; the budgets do not include, for example, the cost of the central inspections department or the central landscaping crew.

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperation with Welfare Agencies

The agency has an executed agreement with the state welfare agency. The agency reports no material costs associated with the execution of this agreement, which it feels simply formalizes long-standing relationships between the two agencies.

2. Deconcentration

Other than scattered sites, where the agency has a policy of encouraging working-families, there are no properties that are outside the established income range. As such, the agency incurs no material costs related to the implementation of this regulation.

3. Grievance Policy

The agency currently contracts with the State Department of Administrative Hearings for an administrative law judge to handle its grievance hearings. The agency reports that it had six formal grievances in the past year. Under current arrangements, the cost of these hearings is around $3,000 per hearing; however, the agency is in the process of revising its process to reduce those costs to around $1,000 per hearing.

4. Rent Rules

In order to avoid the need for hardship exemptions, the agency has adopted the $0 minimum rent. Otherwise, the agency is in the process of implementing income disregards and imputed welfare income provisions. It has trained staff and is working on software changes to track these provisions. The agency has offered choice in rent provisions through ceiling rents for several years, and these will change to flat rents on January 1, 2003. (Residents at two Jobs-Plus sites have had flat rent and other rent incentives for several years.)

As a result of the above, the agency has not incurred any material costs related to the implementation of public housing's special rent rules.

5. Pets in Family Housing

In accordance with its approved Annual Plan, the agency does not permit pets in family housing and, therefore, there are no costs associated with this special requirement. (Seniors living in family housing, however, are permitted by state law to have pets.)

6. Section 3

Section 3 requires certain actions in the area of procurement and hiring.

- Procurement. For goods and services purchased with operating funds, the agency provides the standard Section 3 literature in its bid documents but does not undertake any other significant outreach or compliance monitoring efforts. It should be noted that the agency procures few service contracts within the operating budget (it conducts most work in-house), for which Section 3 would apply.

- Hiring. The agency has quite an elaborate resident hiring program for its capital projects and employs two staff persons simply to monitor contractor performance. It also hires extensively among residents for all of its resident programs, although most of these efforts are not funded with operating revenues.

7. HUD-Determined Maintenance Wage Rates

The local HUD office provides the agency with its Section 12(a) wage rates (the PHA does not have to conduct a survey), which simply reflect the agency's collective bargaining agreements. Moreover, the agency procures for few maintenance services in the operating budget (most work is done in-house). As a consequence, there is no material cost to implementing this requirement.

8. Procurement

While there is no state or local law requiring a threshold for formal bidding below $100,000 (the federal threshold), the agency has adopted a $50,000 threshold for formal bidding (with the exception of capital projects, where the threshold is $100,000). Until recently, the agency had a $25,000 small purchase limit. The agency reports that there were 19 contracts in the past year that exceeded the federal small purchase threshold, which cost approximately $3,000 each in advertising costs.

While the agency also reports costs associated with preparing the solicitations for these procurements greater than $100,000, those packages would be essentially the same absent the formal bidding requirement (the agency would want to have a detailed scope of work, standard contract language, submission requirements, etc.). Finally, the agency made note of the fact that these procurements must be approved by the Board. GSD did not include any board preparation costs since it is not a federal requirement for Boards to approve purchases (only that purchases over $100,000 be formally bid) and a PHA could delegate to its executive director, or designee, all contracting authority.

9. Waiting Lists

Up until 1986, the agency had a "bona-fide" (agency terminology) site-based waiting list. The agency then switched to a centralized waiting list at HUD's instructions. Since that time, the agency has not attempted to develop either site-based or development-choice waiting lists. It feels that the centralized list is more effective, but it also has concerns about racial re-segregation if it went to a site-based system. It also believes that it would not be able to maintain its high occupancy rates at several of its less-desirable properties if it offered applicants more choice.

The agency reports that, under the current regulations, it believes that site based waiting lists would have to be multi-layered to accommodate income-targeting, local preferences, and possible deconcentration, which it feels would be administratively burdensome (here, the GSD team and the agency are not in agreement).

10. PHAS

There are four components to PHAS:

- Financial. The agency reported that the annual Financial Data Schedule required under PHAS required additional time to prepare (that it otherwise would not incur). For estimating purposes, GSD included 80 hours additional staff hours required to prepare the FDS.

- Resident survey. The agency reports that it conducts extra outreach in anticipation of the resident survey. It also reports that it incurs significant costs whenever one of its properties receives a score below 75, requiring a Follow-up Plan. According to the agency, these Follow-up Plans require staff time to analyze data, identify means to address the problems identified in the survey (per property) and consult with resident leaders (share results and get input). It was difficult for the agency of the GSD team to estimate the costs of these follow-up plans; however, it would seem that it would not be more than one-quarter of the reported cost of the agency to prepare the annual (0.25 x $80,000, or $20,000).

- Management indicators. The agency reports that the indicators required to be tracked/reported under PHAS are essentially the same as they would otherwise use absent PHAS.

- Physical Inspection. While the protocol for the inspection in the same as in assisted housing, the agency reports that it submitted 17 "technical reviews" of the REAC inspections. The agency estimates that the cost for each technical review were $140 per site, plus an additional $189 per site for adjustments prior to submission.

The agency requested that the following language be added with respect to PHAS:

> "While it is true that multifamily housing can submit technical reviews, the nature of PHAS requires PHAs to fight for every point, given the fact that the inspection protocol is not immune to the subjective interpretations of the inspector. The thresholds for public housing to be referred to the TARC set at 60% is much more stringent than multifamily properties, which do not get referred to the Enforcement Center unless a property scores below 30%.
>
> "The cumulative effect of all four PHAs components places much higher stakes on a PHA's cumulative PASS score – especially for large properties whose size can skew the overall score of an agency's housing stock."

11. Annual Unit Inspections

In order to maintain its traditionally high performance under PHAS, the agency established a new centralized inspections group. In the past, the housing managers performed the annual unit inspections. The expenditures for this new inspections group amounted to around $23 PUM in the past year. However, this new group not only conducts inspections (at least two times and as many as four times a year) but also makes inspection-related repairs.

The agency estimates that it requires an additional 30 minutes to conduct a UPCS inspection as compared with the former Housing Quality Standards (HQS) inspections.

GSD did not include the cost of the centralized inspection unit as a "regulatory burden" but only the estimated 30 additional minutes per inspection.

12. Annual Plan

The annual plan is prepared by the planning and budget division within the executive office. The agency starts early in the year with initial meetings with the Resident Advisory Board. It then holds annual plan meetings at each of its main family and elderly sites (22 separate meetings), after which it holds its public hearing. The agency estimates that the cost to prepare the annual plan at around $80,000. This figure includes only the pro-rated cost of the public housing-specific items, i.e., it excludes the cost of meetings with the Section 8 advisory board or the cost of preparing the Capital Plan component of the annual plan.

13. Tenant Participation Requirements

Most of the purely regulatory requirements imposed on PHAs for tenant participation are now incorporated into the annual planning process, the costs of which are covered above. Beyond that which is strictly required by regulation, the agency has an extensive resident participation program, paid for mostly through the Capital Fund. In all, the agency spends about $2 million annually on resident organizing efforts, including some 16-20 professional staff (many of whom are residents) who assist in the formation of resident councils and also provide on-going support and technical assistance. The agency also supports an agency-wide resident group, consisting of the elected representatives from each property-specific council.

Although GSD has not scored these resident organizing costs as part of the regulatory requirements (the regulations do not require PHAs to expend funds to assist in organizing resident groups), the agency believes that these costs are essential for maintaining effective resident participation.

14. Admission of Young-Disabled in Elderly Buildings

The agency owns six public housing elderly buildings, accounting for 455 units. Overall, about 26% of these units are occupied by "young disabled" households (the percentage is about 18% in the agency's 793 units of Section 8 project-based housing). The agency does not report any material costs associated with serving young-disabled in these elderly buildings. The annual turnover rate in these elderly buildings is about 9.6%, a rate that is essentially the same regardless of the percentage of young-disabled occupants. The agency has not applied to "designate" any buildings as senior-only, nor are there any current plans in that area.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee Compensation

Based on information collected from local private operators of assisted housing in the area, the agency's wages for housing management and maintenance staff are some 25% to 40% higher than local practice. Additionally, the agency's fringe benefit rate – health, retirement, and payroll taxes, but not workers compensation – amounts to about 31% of payroll.

2. Organization and Work Rules

The agency operates under a far more centralized organizational structure than the norm for private operators of assisted housing. The agency also employs far more specialized maintenance crafts (trades personnel) than private operators (who rely much more extensively on maintenance "generalists"). Both of these conditions, which are tied to collective bargaining agreements, result in significantly higher operating costs.

3. Resident Programs and Initiatives

Funding for resident programs and initiatives is the highest, on a PUM basis, among the case study agencies. Total resources committed from both the operating and capital budget for resident programs and services amount to around $3.7 million annually, or $40.83 PUM. (In addition, the agency receives about $10 million annually from outside sources for resident services and programs to support public housing, although about $7 million of this amount is for Welfare-to-Work type programs that are not restricted to public housing residents.)

4. Population Housed

On the one hand, the agency believes strongly that the tenant population it serves is significantly poorer and more service-needy than other private operators of assisted housing, which, in part, it believes drives its spending on resident services. In particular, the agency believes that it experiences more long-term poverty and dependency. On the other hand, the agency indicates that it tightly screens all families and is not "housing of last resort." Further, the average income in public housing – $13,452, or 24.4% of median income – is at least one-third higher than public housing nationwide.

5. Security Costs

Security services are a major expenditure for the HACLA. In 2001, funding for protective services amounted to around $9.6 million, or about $106 PUM. However, even those figures do not include various capital costs such as remodeling office space for the police command center or other capitalized items such as the purchase of police vehicles and radio equipment. In 2002, the total budget for protective services is down to $6.9 million, 26% of which is funded through the operating budget.

The agency has had its own separate police department since the early 1970s and reports that it needs 130-140 officers to provide 24/7 coverage, compared with the 39 currently budgeted positions.

Only recently, the agency has developed a community-based policing focus. In prior years, the agency's police force was primarily patrol-oriented, with 41 patrol cars.

6. Information Technology

The agency utilizes one of the integrated software programs designed specifically for public housing. The annual centralized costs to support this system (IT staff, consultants, hardware/software maintenance, etc.) exceed $10 PUM, exclusive of one-time purchases of software and equipment. This spending is substantially higher than what would be found among operators of assisted housing.

The agency requested insertion of the following language:

> "Given the size of the agency's operations, along with the number of, and distance between, its remote sites, the IT unit is not overstaffed. The IT department is primarily supported by Section 8 fees and Management Improvement funding under the Capital Fund.
>
> "Five network technicians are on staff to provide technical support to over 1,400 desktops, CPUs located at 30 locations through he 460 square miles of the City (this includes services to equipment at the Computer Learning Centers).
>
> "Six programmers are responsible for coordinating the needs of Section 8 and Housing Services, along with Finance, Human Resources, and General Services in the CCS (the agency's integrated software program) system and with HUD's PIC system.
>
> "The budgeted routine expenditures of the IT department are less than 2% of the overall HACLA routine expenditures. Approximately 47% of the 2002 IT budget is for non-routine equipment (betterments and equipment)."

7. Legal Costs

The current operating budget reflects $1.2 million in legal costs, or $13.78 PUM, which is substantially higher than found in assisted housing; however, the agency reports that it may actually have a somewhat less difficult time evicting for rent than a private operator because of its internal review processes and because it has established credibility with the court system. It also feels that it has no more difficult a time evicting for cause, which it believes is difficult for all owners.

8. Local Mandates

There are several items that one might consider local mandates (formal or informal) that result in costs not incurred by other operators of assisted housing.

- Resident-owned business organizations (ROBOs) and resident management corporations (RMCs). The agency contracts with several ROBOs and RMCs for various trash-out, foot patrol, and relocation services. Collectively, these contracts run between \$5-\$8 million annually. According to the agency, "there are no costs out of the public housing operating budget" for these services and that services that RMCs provide "are funded through the Capital Fund and are awarded through a procurement process per HUD regulations."

- Preferences for veterans and displaced applicants. By state law, the PHA must give preference to veterans whenever two bids are of equal value. The PHA must also give preference to veterans and displaced applicants in admissions. These special preferences, however, impose little or no cost.

- Resident Hiring Program. As indicated, the agency has developed memorandums of understanding with 13 separate trades councils with respect to the hiring of residents in any construction contract. Although many contractors complain that these MOUs force them to hire union workers, this issue affects the capital budget and not the operating budget.

- City "trespass" ordinance. Until recently, a city ordinance specific only to public housing has made it more difficult for the agency to enforce no-trespassing and loitering rules. The agency believes this former ordinance is a good example of "how much staff time and effort had to be exerted to overcome a senseless local mandate." Prior to the new ordinance, offenders were given a 30-day window for which they could not reenter agency property. After the 20-day notice ended, the offenders would come back on the property. The new ordinance removes the time frame so that any time an offender reenters the property, he/she risks arrest. Additionally, the new ordinance requires that visitors on HACLA property be in the company of an HACLA resident or in direct path to the resident's unit and the exterior perimeter. These changes enable HACLA management and police officers more authority in dealing with tresspassers. These changes were first introduced to residents and the Board over a year ago and received overwhelming support. The process for final approval stretched out another year due to concern from civil rights advocates and some city council members, demonstrating, according to the agency, the type of political environment that the HACLA operates in.

- Federal court and state law require that the agency provide translation interpretation/translation services whenever a language minority represents greater than five percent of a population, or 25 families. To comply, HACLA has two full time staff members, contracts with outside firms, and pay adjustments for employees who perform part-time language services. The agency estimates the annual cost for this service at around \$350,000.

9 and 10. Responsiveness and Other Public Entity Costs

Excluding items already noted above (e.g., security), the agency lists the following as costs that it incurs to the exclusion of, or to a much greater extent than, private operators of assisted housing. The agency further believes that these public entity costs are what drives it to operate in a more centralized manner and to have much higher levels of administrative costs.

- Geographic area served. The agency reports a diseconomy in servicing properties in a municipality that covers 467 square miles. (The agency actually enjoys more aggregation of properties in a given geographic area than a typical, large private operator, which would have properties in several markets.)
- Political subdivisions. As a result of its wide geographic coverage, the agency reports that it must service (respond to inquiries from) multiple city, state, and federal elected officials.
- Because of the reportedly low level of state-funded social service programs, and because of the extreme poverty in its developments, the agency reports that it must incorporate economic development into mission.
- Diverse ethnicity. Because of the multiplicity of ethnic groups and languages of its residents, the agency has higher needs for translation services.
- Political expectations/pressures. The agency reports that there are much higher expectations for service as a public body, which drives costs upward.
- As the “center of green space” in many of the neighborhoods, the agency reports that its properties frequently are trafficked by people other than residents of public housing. The agency also reports that its properties become targets for illegal dumping.
- Agency size. Being “really large” attracts attention, which means more audits, more class action lawsuits, and more media exposure. The agency operates in a “fish bowl”, which makes it more difficult to move quickly.

REGULATORY WORKSHEET
LOS ANGELES HOUSING AUTHORITY

CATEGORY	**DESCRIPTION**	**ANNUAL**	PUM
1. Cooperation with Welfare Agency	No additional cost reported	$0	$0.00
2. Deconcentration	No additional cost reported	$0	$0.00
3. Grievance Policy	6 grievances @ $1,000 each	$6,000	$0.07
4. Pets in Family Housing	No additional cost reported	$0	$0.00
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents	No additional cost reported	$0	$0.00
6. Section 3	No additional cost reported	$0	$0.00
7. Section 12(a) Wage Rates	No additional cost reported	$0	$0.00
8. Procurement	19 purchases over $100,000 at a cost of $3,000 each in advertising	$57,000	$0.63
9. Waiting lists	No additional cost reported	$0	$0.00
10. PHAS	• Financial: 80 hours x $50/hr • Management: $0 • Resident Survey: $20,000 (equivalent to not more than one-fourth of effort to prepare Annual Plan) • Physical Inspection: 17 technical reviews at $329 per review.	$29,593	$0.33
11. Annual Unit Inspections	7,551 units x 0.50 hours x $20/hr	$57,510	$0.83
12. Annual Plan	Based on agency-supplied estimate.	$80,000	$0.88
13. Resident Participation Requirements	Covered under Annual Plan	$0	$0.00
14. Young-disabled in Elderly Buildings	No additional costs reported.	$0	$0.00
TOTALS		$248,013	$2.74

Phoenix Housing Authority
Case Study Field Notes

BACKGROUND

The Phoenix Housing Authority (PHA) owns and operates 2,615 units of public housing and administers approximately 4,700 Section 8 Vouchers. In addition to its federal public housing, the agency also owns 236 units under the Section 8 New Construction program as well as 935 "affordable" units that were acquired with city-backed general obligation bonds. The agency contracts for the management of its bond-financed properties and self-manages the rest.

The agency has a long history of stable and competent management. It is a High Performer under the Public Housing Assessment System (PHAS), with a 2001 score of 29 (out of a possible 30) under the Management Operations component.

The public housing program consists of 1,776 units of family housing, 400 units of elderly housing, and 439 scattered site units, most of which are single family homes. The agency has one HOPE VI project, which it is in the process of redeveloping, but has no other "distressed" properties. All of the agency's properties exhibit strong curb appeal and are often among the best-maintained rental housing in the neighborhoods where they are located.

Organization

The agency is a department of city government and all employees are city employees, subject to the same personnel rules. The director of the PHA also serves as the director of the Housing Department, which has responsibilities for administration of the Federal HOME program and for other local housing initiatives.

The city operates under a city manager form of government, with a nine member council (which includes the mayor). Eight council members are elected by districts and the mayor runs city-wide.

As a function of being a city agency, the board of the agency is the city council. The council is scheduled to meet every Tuesday (Policy) and Wednesday (Formal) for twelve months of the year (off for a short summer recess). Items generally requiring city council approval include the annual budget, agency policies, the Annual Plan, and various HUD submissions such as PHAS. The city council must also approve all purchases over $5,700 (see discussion below under procurement). Before an item comes before the full council it is first addressed in subcommittee. The subcommittee, like the board itself, meets twice each month. For all board agenda items, the agency must prepare an agenda package. Staff report that there are few public housing items that appear on the agenda and those that do are routinely passed with little or no public discussion (frequently, these items are placed on the "consent" agenda). Most of the items that appear before the council, in fact, are related to housing development activity outside the public housing program, e.g., local housing activities. There is some staff time required in preparing agenda items and in fielding questions from council members and their staff, particularly as items come before the subcommittee.

The PHA is the most decentralized large agency in the case study group. Except for staff assigned to the Scattered Sites program, all maintenance staff are site-based. The housing managers are responsible for rent collections, recertifications, maintenance, unit turnover, and resident relations. The main functions that are centralized are personnel, purchasing, budgeting, accounting, payroll and administration of the waiting list.

Budgeting and Financial Management

The agency maintains the most advanced property-based budgeting and accounting system among the case study group, which is consistent with its more decentralized organizational structure. Because there are fewer centralized functions that deliver property management services, there are fewer "allocations" to make.

Typically, the agency does not subsidize the public housing program with Section 8 administrative fee income and, with the exception of about $250,000 that supports resident initiatives as well as direct and indirect administrative costs, the Capital Fund is used almost exclusively for capital items.

Because the agency is part of city government, some financial activities are performed by the city's finance department. The city is essentially responsible for all financial and accounting services. Housing Department accounting staff is responsible for all federally-required reports, including year-end financial statements. The city's Finance Department will process checks, but the Housing Department Accounting Section staff is responsible for all of the "front-end" paperwork for payments.

The agency's Allowable Expense Level for FY 02 is $294.65 PUM. The agency also receives $12.14 PUM in various add-ons, for a combined Operating Fund total of $306.79 PUM. In comparison, GSD's most recent operating cost model estimates that the agency should receive around $310 PUM, exclusive of taxes and utilities, and adjusted for 2002.

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperation Agreement with Welfare Agency

The agency reports that there is no material cost related to the on-going implementation of this requirement but that, in fact, they benefit from the agreement (for example, there is a monthly meeting with both agencies to review their cooperative data sharing efforts).

2. Deconcentration

All properties fall between the established income ranges; hence, there is no cost to this regulation.

3. Grievance Policy

The agency has a three-person grievance panel that includes a resident, someone from within the property management division and an objective third-party, which may be someone from another City department or an outside agency. Grievances may take 1½ to 2 hours, with another several hours for writing up the results.

The agency reports 13 formal grievances in the past year. The agency attributes this low number to the fact that it follows sound lease enforcement practices. Many issues are resolved informally before a formal grievance is filed.

4. Pets

The agency reports that this policy has minimal cost impact, mostly in preparing the "pet addendum" for each resident with a pet and in staff time needed to collect the deposit. The agency has adopted a fairly standard pet policy (no pet more than 25 pounds, $100 deposit, inoculation, etc.). There are only 48 family/senior households (approximately 1.8% of all families/seniors) with registered pets, of which maybe half are families.

5. Rent Rules

With the exception of the flat rents, which the agency reports extra time required on the part of staff calculating the amount, the agency regards the four "unique" rent rules to be not materially significant in terms of costs.

- Income Disregards. A total of 46 families have income disregards. No material cost reported.
- Minimum Rents. The agency has adopted a $25 minimum rent. There are 48 households paying this minimum rent, of which seven requested hardship exemptions. No material costs reported.
- Imputed Welfare Income. There are eight families with imputed welfare income. No material costs reported.
- Choice in Rents. A total of 20 households have chosen the "flat rent" instead of the income-based rent.

An additional fifteen minutes is assumed to be required for explaining/calculating the different rent rules per household.

6. Section 3

The agency uses its resident economic initiatives program as a tool for achieving Section 3. It has also recently begun incorporating Section 3 in its procurement practice. It reports no material cost in implementing this regulation.

7. Maintenance Wage Rates

Maintenance wage rates are determined in accordance with collective bargaining and not affected by HUD's wage rate determinations. Essentially, the city submits, and HUD approves, the agency's collective bargaining agreement as the "prevailing wage."

The agency does obtain wage rate determinations for maintenance related contracts, and conducts wage monitoring of those contracts, but there are few such contracts since the agency contracts for so few services through the operating budget.

8. Procurement

The agency is governed by city procurement rules, which requires formal bidding for any item of more than $5,700. The agency does not actually bid out this work, which is handled by two separate city agencies. The agency does not get charged for this service from the city.

In terms of what would be required by federal regulations, the agency reports that there were no purchases in the operating budget in the past year that exceeded $100,000 and therefore would have required formal bidding.

9. Waiting List

The agency has chosen to continue to maintain a centralized waiting list, which it feels serves it better. Elderly applicants may choose a development of their choice when applying centrally. Family applicants are given two offers and if an applicant rejects the second offer the applicant is removed from the waiting list.

10. PHAS

Excluding the REAC physical inspection (which is the same for public and assisted housing), the three remaining elements of PHAS are: financial, operations and resident survey.

- Financial. The agency reports that the data necessary to compile the PHAS year-end financial report is easily obtained, but might represent one week of a staff-person's time.
- Management Component. While the agency reports that there were modest one-time expenses related to customizing their management information system to produce the required PHAS reports, it believes that the PHAS indicators are essentially the same as they would use absent PHAS to monitor property performance.
- Resident Survey. The agency reports that it spends modest efforts to publicize the resident survey.

11. Annual Unit Inspections

The agency long had a policy of annual unit inspections and, in fact, inspects units quarterly, which it feels is essential to its successful lease enforcement efforts. These inspections are performed by the on-site management staff. The "extra" cost that the agency reports with respect to the public housing requirement for unit inspections is the extra time it takes to conduct an inspection using the new UPCS standards. It estimates that it takes an extra 15-30 minutes per inspection.

12. Annual Plan

Preparation of the Annual Plan is essentially coordinated and prepared by the Supervisor of Resident Services. The plan process begins early in the year with monthly meetings with the Resident Advisory Board. Prior to meeting with the Advisory Board, the agency also assembles an internal strategic planning task force that is charged with reviewing agency-wide goals/initiatives/policy changes for the upcoming year. As the strategic planning committee comes up with recommendations for certain topical areas, these recommendations then get aired by the RAB. The RAB meetings take about 1½ hours a month and are taped. Generally three to four months prior to the start of the year the agency distributes a draft copy of the Annual Plan to the RAB for review. It is the RAB that actually conducts Annual Plan review meetings at each property.

The Agency conducts one formal, publicly advertised meeting on the Plan, for which 50-60 people typically attend. The agency reports that this meeting generally is quite routine. Following the public meeting, the agency prepares the Annual Plan template for approval to the city council, which is generally passed on the consent agenda.

After approval by the city council, the agency does not report any significant problem in electronically submitting the Annual Plan.

The agency reports the equivalent of one half-time staff position is about the effort required in preparing the plan annually, including all the meetings with the RAB. This includes approximately 25% of the Supervisor of Resident Services' time, who has primary responsibility for preparing the plan.

13. Tenant Participation Requirements

The agency believes strongly in tenant participation in agency decision-making. It encourages the formation of resident councils (all major properties have established councils). Although it provides modest organizing support, it largely expects the resident councils to run their own elections.

For many years, the agency has provided established resident councils with $3 per unit annually (PUA) in council funding. In the current year, the agency has decided to award the resident councils with $19 per unit annually (out of the $25 PUA that HUD provides PHAs) to support their resident participation activities, which is in addition to the $3 PUA that it has always provided to the councils.

14. Young Disabled

The agency applied in late-1997 to designate its four senior public housing properties (400 units) for "elderly-only" and, at the time, also requested an allocation of 200 section 8 certificates. The agency's application was approved, subject to a request by HUD to retain two of the buildings (136 units) as "mixed-population."

It should be noted that the agency also is the recipient of a ROSS "service coordinators" grant that provides services in each of the senior buildings and that may help with the mixed-population situation.

The agency reports that the mixed-population buildings affect costs in two ways: first, they report that the work is more stressful to site-based administrative staff (the agency uses essentially the same ratio of staff to units but feels that the work is more demanding in the mixed-population buildings) and, second, that the mixed population buildings have higher cleaning and janitorial costs, which appear to run about $6 PUM higher in these mixed-population buildings.

In the "mixed population" buildings, 48% are aged 18-61, with 19.9% under the age of 50. In the "senior-only" buildings, 15% are aged 18-61, with 4.8% under the age of 50. The turnover in the two building types is nearly identical. In FY 02, the turnover rate was 13.2% for "mixed population buildings and 15.4% for "senior only" buildings.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee compensation

As mentioned previously, the agency contracts with a private firm to manage its bond-financed properties. The agency does not dictate to this firm the wages that must be paid but allows it to pay according "to the market." As a basis for comparison, the agency's wages for site-based maintenance and management staff appear 30% higher than the agency's contract manager. Additionally, employee benefits amount to around 35% of salary, compared with around 26% paid by the private manager of its bond-financed properties.

The agency also has more generous vacation, holiday, and other leave policies.

2. Organization and Work Rules

The agency's organizational structure is more similar to a comparably-sized private operator than found in the other case study agencies. The agency's site managers have far more authority and responsibility to manage their properties than their public housing peers. Additionally, the agency employs few specialized maintenance crafts positions and instead relies predominantly on a more general, skilled, building maintenance type job classification to perform most work orders, which is the norm in private housing but less so in large public housing.

Despite the agency's relative organizational flexibility (as compared with other PHAs), centralized administrative and non-property specific costs amount to about 31% of the agency's operating budget, exclusive of PILOT and utilities, or around $92 PUM.

3. Resident Programs and Initiatives

While the agency believes strongly in promoting economic self-sufficiency and in general service coordination, it generally does not fund those activities out of the operating budget. Mostly, it seeks outside funding. The operating budget only supports (1) the $3 PUA funding to the resident councils, (2) the $25 PUA that HUD provides PHAs for resident participation (of which it gives $19 PUA to the resident councils to spend), and (3) the coordinator of resident services (who is actually charged to "administration" and not the tenant services line item in the HUD budget). The agency also spends about $200,000 annually out of the Capital Fund to support a resident economic development program that provides subsidized employment and training opportunities for residents.

Mostly, the agency partners and coordinates with existing service providers to help residents access needed services. It frequently provides space on-site at a nominal charge to local agencies to operate programs that benefit residents (Head Start, adult education, youth programs, etc.).

4. Population Housed

With the elimination of federal preferences in the late 1980s, the agency has been attempting to achieve a broader mix of incomes. It has three preferences for admission: displaced by government action, working, and resident of Phoenix. The first preference has highest priority and the other two are of equal weight. The agency does not incur any additional costs to operate public housing by choosing to serve families that might be more needy among the eligible population.

5. Security and Crime

With rare exception, the agency does not spend funds – operating or capital – on either contract security or law enforcement. In previous years, the agency did experiment with hiring off-duty police officers, with Drug Elimination Grant funds, at some of its family properties but ended that arrangement because it felt it was not effective. Some 10-15 years back, the agency did have a more serious crime/drug problem, and it worked closely with local law enforcement to eliminate that problem. The agency is extremely serious about enforcing the lease and works quite well with local law enforcement with any crime problems. Its largest security expenditure is for two retired police officers (community safety workers) who help the site managers investigate criminal activity and act as liaisons with the police department.

Crime in its properties is reported to be lower than in the surrounding neighborhoods where public housing is located.

6. IT

The agency has maintained what was once one of the integrated software programs designed specifically for public housing and customized it over the years to meet changing needs. The annual centralized cost to support this system (IT staff, consultants, hardware/software maintenance, etc.) is on the order of $15 PUM, exclusive of one-time purchases of software and equipment. This spending is substantially higher than what would be found among operators of assisted housing.

7. Legal Costs

The agency does not report any material or extraordinary legal costs associated with the management of its public housing. It spends about $0.36 PUM in the operating budget on legal costs, which includes general legal services (provided on a charge-back basis from the city) and evictions, amounts which are well within what local operators spend. The agency does not also remember any recent "Freedom of Information" request.

In keeping with the above, the agency does not report any particularly difficult time in pursuing eviction cases through the court system. The agency has a good reputation for property management and for fair dealings with residents. It generally feels that the court treats it fairly.

8. Other local mandates

Other than the fact that the agency is an arm of city government, for which it must abide by city personnel and procurement rules, the only other notable "local mandate" that may affect costs is the agency's scattered site homeownership initiative. The agency attempts to use its roughly 450 unit scattered site program (truly single family homes throughout the city) as a stepping stone to homeownership. Over the years, it has sold 40-50 of these homes to residents and offers various homeownership training classes. The cost of this initiative has not been determined.

Incidentally, the city has procurement preferences for MBE/DBE firms but does not apply these preferences to public housing because of the use of federal funds.

9. Responsiveness

With regard to responsiveness, the agency strives to maintain at least the same level of service as private housing. It desires to maintain well-looking properties and cannot "afford" the public embarrassment of poorly run housing. However, it does not appear that the agency is providing any service above and beyond what the private market provides.

10. Other Public Entity Costs

The agency noted no other costs in this category, other than the requirements for open public meetings.

REGULATORY WORKSHEET
PHOENIX HOUSING AUTHORITY

CATEGORY	DESCRIPTION	ANNUAL	PUM
1. Cooperation with Welfare Agency	No additional cost reported	$0	$0
2. Deconcentration	No additional cost reported	$0	$0
3. Grievance Policy	13 grievances @ $500 each (10 hours per grievance at $50/hr burdened rate)	$6,500	$0.21
4. Pet in Family Housing	48 families with pets x 1 hour x $20/hr to discuss/prepare lease addendum	$960	$0.03
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents	Additional fifteen minutes per household x $20/hr	$13,075	$0.42
6. Section 3	No additional cost reported	$0	$0
7. Section 12(a) Wage Rates	No additional cost reported	$0	$0
8. Procurement	No additional cost reported (no purchase with operating funds in excess of $100,000)	$0	$0
9. Waiting lists	No additional cost reported	$0	$0
10. PHAS	Approximately one-quarter of position (520 hours x $40/hour burdened rate)	$20,800	$0.66
11. Annual Unit Inspections	2,615 inspections x 0.50 hours x $20/hr labor	$26,150	$0.83
12. Annual Plan	Approximately one-half time position (1,040 hours at $40/hr burdened rate)	$41,600	$1.33
13. Resident Participation Requirements	Covered under Annual Plan	$0	$0
14. Young-disabled in Elderly Buildings	Extra janitorial cleaning costs at $6 PUM for 136 units x 12 months	$9,792	$0.31
TOTAL		$118,877	$3.79

Pinellas County Housing Authority
Case Study Field Notes

BACKGROUND

The Pinellas County Housing Authority (PCHA) is located in Pinellas County, Florida, an urban county due west of Tampa that includes the municipalities of Clearwater, Largo, and St. Petersburg. In addition to the PCHA, there are three other public housing authorities (PHAs) within the county.

The PCHA is a diversified housing provider whose portfolio includes:

- 595 public housing units (385 family units in two developments, a 110 unit elderly/disabled property, and a soon to be completed 100 unit assisted living facility – to be privately managed – on the site of a demolished 100 units elderly complex);
- 2,800 section 8 vouchers;
- 711 units of non public housing elderly housing at two sites;
- 50 units of family public housing that the PCHA manages for the Dunedin Housing Authority;
- a 240 unit market rate family property, which is privately managed;
- a 70,000 sf commercial mall, which houses its offices, various social service agencies, and other commercial and retail tenants; and
- 172 units of Section 8 project-based housing for which the PCHA serves as contract administrator.

Organization

The current Director has been in her position since 1999 and before that served as Director of Finance for 19 years. The agency is a high performer under the Public Housing Assessment System (PHAS), with a 2001 score of 30 (out of a possible 30) on the Management Operations component. Overall, the properties appear reasonably well managed.

Under Florida law, the PCHA commission is appointed by the State, not the county commissioners. Staff reports that this arrangement serves to limit local political intervention but (in the view of the case study team) may also serve to limit local involvement in the sense of supportive investments (see the sections on security and social services, below). One of the five commissioners is a resident commissioner, also appointed by the State. The board meets once a month for about 3 hours and quarterly as a non-profit interlocking board for the two non public housing properties.

The PCHA places a high priority on resident involvement as is reflected in the time allocated to preparation of the annual plan and the PHAS (see below).

PCHA has been under a Voluntary Compliance Agreement (VCA) for the past five years related to 504 compliance and racial composition of its four public housing developments. They report that the VCA process was a traumatizing experience, negatively affecting the operations of its public housing sites, the administration of the Section 8 program, as well as central office functions. The long time director departed four years ago in part because of the VCA. While the agency expects the VCA to be lifted within the next few months, a residual hypersensitivity to the views of the HUD field offices remains.

The VCA has recently been closed out as of December 2002. However, PCHA notes that the agency has absorbed more than $1,000,000 in extraordinary expenses and suffered a similar amount of lost revenues directly attributable to compliance with the VCA. While admittedly aiding the PCHA in improving its overall administrative and programmatic functioning, PCHA believes such expenses and governmental oversight would be unlikely in any other affordable housing environment.

One feature of the PCHA that is worth noting is that the waiting list (both for public housing and Section 8) has a higher percentage of low income (30-60% median) households than extremely low (0-30% median). This a function of the relative affluence of the County, and has its positive effects (in terms of mixed income development opportunities and homeownership) as well as negative cost implications that are noted in the Operating Environment section of the report.

The agency is entrepreneurial and flexible, focusing its management skills on properties where it has a competitive advantage. The agency is moving to a more centralized maintenance system in hopes of improving the skills utilization of its maintenance employees. It has three main divisions under the Director: Housing Management (which includes other owned/managed properties); a collection of divisions under the Deputy Director including Section 8, IT, capital investments, human resources and tenant services; and a Finance Division. A special projects staff person, serving directly under the Director, handles the preparation of the annual plan.

Budgeting and Financial Management

The agency receives $996,240 annually in Capital fund, about $1,675 per unit. One development, the Assisted Living Facility (ALF), is not yet completed. Of the three remaining public housing properties, Rainbow Village and Lakeside Terrance appear serviceable and in sound condition but not overly attractive. French Village, a market rate development that was purchased for the inventory in 1980, has more general market appeal. The one non-PHA property the team saw, Crystal Lake Village, abuts Lakeside Terrace and the new ALF, and appears to have more general market appeal.

The agency's FY 2003 Allowable Expense Level (AEL) is $270.36 per unit month (PUM). In addition, the agency receives $77.58 PUM in various add-ons, most of which represents phase-down money for demolition, for a combined total of $347.94 PUM under the Operating Fund. However, this number does not include $39.18 PUM in operating costs paid for through the 2003 Capital Fund. By comparison, GSD's cost model for 2002 predicts $294 PUM.

The agency maintains project budgets for each property, and handles the development of budgets in the same way for all its properties. The property manager works with the Director of Housing Management and the Finance Director to create an annual budget for direct costs at the property level. Then, allocated costs that accrue directly to the property are added in. Finally, an allocated central office and overhead is distributed among all the properties. The allocation system for the central office/overhead costs is distributed on a variety of bases, some on a unit basis, some based on type of subsidy, some on a proration of number of staff in the division.

Essentially, the agency uses income from non-PHA properties to subsidize their family public housing units.

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperative Agreement with Welfare Agencies

The agency reported a $1,220 annual cost associated with this requirement. This represents staff time for an annual process of renegotiating mutual goals and program coordination. PCHA chose to locate its new offices next to the County TANF office in order to create a "one stop" campus of service agencies for its customers. It could be argued that this annual cost is less one that is induced by the regulation than it is good practice in line with implementation of the agency mission.

2. Deconcentration

The agency does not have a need to address deconcentration by income in its developments.

3. Grievance Policy

The agency uses its Deputy Director and one person from its admissions office to handle its formal and informal hearings. It had 22 informal hearings in the past year, most of which were for rejected applicants. There were no formal hearings in the past year. Because the difference between public housing regulations and assisted housing on grievance rules only relates to formal hearings of current residents (not new admissions), no costs were considered relevant.

4. Pets in family housing

PCHA has a fairly restrictive pet policy: One pet, 20 lb maximum, and a non-refundable pet fee of $25. There are 19 legal pets in general occupancy (non elderly) public housing. There are also illegal pets, as has been the case in the past. The agency reported nominal costs for registering and monitoring the legal pets and intensive involvement with perhaps six legal “bad pets” a year.

5. Rent Rules

There are four “unique” rent rules in public housing:

- Income disregards. Three tenants have income disregards at the present time. No administrative cost.
- Imputed Welfare Income. Four tenants have imputed welfare rents. PCHA reports this takes 10 hours of staff time per year per tenant.
- Flat Rents. Four tenants have chosen flat rents. There is a survey done every three years to determine the flat rents that costs $3,000. This cost was prorated. There are also some modest communication costs.
- Minimum Rents. The minimum rent is $50. No cost to administer.

6. Section 3

This is an area where the agency has devoted considerable resources in the past few years, in part because of the priorities of the Director, the Commissioners and because of continuing HUD oversight through the VCA. PCHA staff has undergone lots of training in this area, and the agency expects to continue this practice. They do outreach, monitoring and management of the system, both on the in house Section 3 hiring and under contracts. This heavy investment in Section 3 training and reporting systems is attributed to the belief that HUD is getting ready to conduct Section 3 compliance reviews and PCHA wants to be ready to demonstrate high levels of attention to the subject. PCHA estimates that they spend about $115,000 a year on Section 3 administration agency-wide, of which $25,000 is attributable to the operating budget of public housing. In the past year no instances of Section 3 purchasing from the operating budget were documented. In 2001 26 new hires (50% of all hired) were Section 3 qualified. In 2002, 20 employees, or 60% of new hires qualified as a Section 3 hire. Study team was of the impression that the significant attention to Section 3 is agency wide, not limited to public housing units, and not driven by fear of a non-compliance finding but rather motivated by a desire to meet their own internal mission as well as to impress the HUD field office. While $25,000, or in excess of $3.50 PUM, is noted in the accompanying cost table, PCHA confirmed that none of this cost was directly attributable to complying with HUD regulations or directives.

7. HUD-Determined Wage Rates

The agency ties its wage rates to the County system. At one time they used the county personnel system but now have an in-house human resources director. They try to keep parity with county wages on those job classifications that are the same (maintenance and clerical) and do periodic wage surveys with other public housing agencies for other positions. Their fringe benefit rate (28%) is somewhat less than the county at the moment but they hope to raise it to parity when resources permit.

The Federal wage rate determination for maintenance positions is well below what is actually paid. As a consequence, there is no cost to this unique requirement.

8. Procurement

There are no operating budget procurements in excess of $100,000. The agency uses a threshold of $50,000 as a matter of policy.

9. Waiting lists

For many years PCHA maintained site based waiting lists but this was prohibited by the VCA, as was a long-standing policy of offering three choices to new tenants as to units. Now they have a one-choice policy and a centralized waiting list managed by the Section 8 office. They would like to offer more choices to reduce the number of turndowns by tenants but are unable to do so as long as they are under the VCA. Because of the far-ranging costs of the VCA, it is difficult to isolate any costs associated with changing from site to central waiting lists. The new ALF will have a site-based waiting list.

The HUD driven costs (direct and indirect) of they way the VCA was implemented are a source of great frustration to the agency. Among the direct costs were the annual cost of the VCA compliance officer hired in accord with HUD directives and reporting to HUD, not the agency, the mandated staff of 3 drawn from within the agency, the cost impact of freezing rent ups, not only in all public housing units but all of Section 8, for a year. Indirect costs included an increase in internal staff grievances (due to the solicitation of such by the VCA compliance officer), a generally fearful atmosphere, the liberty with which HUD field offices continue to give "suggestions" to the agency regarding such things as spending on Section 3 and tenant services.

10. PHAS

There are four components to PHAS:

- Finance. The Finance Director reported that it took her about 40 hours to do the financial report on PHAS. There were an additional 5 hours of staff time assembling information and reviewing prior to submission to the board. In addition, the Deputy Director reports a significant annual cost associated with servicing the IT system to insure that records are kept in a manner that facilitates information assemblage for the PHAS.

- Management Operations. The management section of the PHAS is prepared by the Director of Housing Management. He reports about 165 hours of his and managers' time. There are also IT hours and central office time associated with this aspect of the PHAS that are included in a flat $1,000 estimate of additional time.

- Resident Survey. The tenant survey is handled through the regular system of outreach at monthly meetings and notices to tenants and newsletter announcements. 19.5 hours of staff time reported for this element.

- Physical Inspections. PCHA acknowledges that the REAC inspection is the same as for assisted housing and therefore constitutes no additional cost. They handle this by scheduling their annual inspection shortly before the REAC. They hire a firm that specializes in picking up items likely to be written up by REAC, and then the authority deals with the noted items. This inspection costs $6,000 (or about $10 per unit per year). The agency got a perfect score on its physical inspection this year.

PCHA reports that the above noted costs for PHAS are all a net addition to the activities it considers good business practice.

11. Annual unit inspections

This is considered a good management practice and is done on all their units. See above for a description of how this is done in public housing.

12. Annual Plan

PCHA provided the study team with a detailed breakdown of time and costs for preparation of the annual plan. In discussion with the study team, PCHA staff determined that half that cost, or $3,666, would be what it would spend on annual and five year strategic planning absent the HUD regulation and mandated reporting format and exclusive of the portion spent on the capital plan. It finds the HUD mandated reporting format unsuited to local needs.

13. Tenant Participation Requirements

The agency has an extensive system of tenant participation, involving all the developments they own and manage. Monthly meetings are held, officers are elected for each development, etc. The RAB consists of the officers of the three pubic housing developments plus section 8 representatives. This extra panel is used in feedback on the annual plan as required. Relationships with the tenant organizations are very good and the high marks on the PHAS tenant survey reflect this. No cost was imputed to this because the system is agency wide and considered good management practice.

14. Admission of Young-Disabled in Elderly Buildings

Lakeside Terrace (110 units) is the only public housing elderly property other than the soon-to-be completed assisted living facility. About 20% of its residents are young-disabled. Additional costs were estimated to include additional wear and tear at unit turnover and additional lost rent (comparable with family developments). These were calculated based on discussions with staff. The third alleged cost, of a more difficult operating environment, did not translate into additional staffing at the site, or other demonstrable cost to the agency. There were no reported turndowns from potential elderly tenants because the property included young disabled. PCHA will apply for an "elderly only" designation for its new ALF but believes its remaining two-story walk-up public housing elderly development is not well designed for an elderly-only market.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee Compensation

Wages were found to be modestly higher than other operators of assisted housing in the market. Employee benefits averaged around 32% of payroll, compared with levels that are 22-28% in the private sector.

2. Organization and work rules

Except for the impact of the VCA, PCHA noted no external impacts on organization and work rules. Florida is a right-to-work state and the private property management sector is not unionized, nor is PCHA.

3. Resident programs and initiatives

In part because the VCA, in part, focused on the agency's past practice of accumulating significant unspent reserves, PCHA has embarked on a program of spending significant non-PHA resources (derived from their surpluses at non PHA properties) at the two family public housing sites. About $300,000 per year is currently being spent at those two sites for a combination of YMCA after school and summer programs, head start and other social services. The agency considered these good investments and reports improved conditions at both properties. Staff believes QWRHA directs them toward this spending and also feel it is a result of both the Director and Commissioners' priorities. The study team considered this a choice derived from their agency mission and priorities.

4. Population Housed

Pinellas County has more low than extremely low income persons on their public housing and Section 8 waiting lists. Because of this, they believe, they must process an inordinate number of prospects before they house a tenant in a unit. Survey team and staff decided that the impact might be in the range of 2.5 additional tenants screened in excess of the nation wide average. This amounted to an estimated cost of over $5 PUM. Study team was unable to determine if this is a pattern with other public housing or assisted housing operators in the area or, indeed, with other PHAs in areas with large elderly populations.

5. Security costs

PHDEP funds two community-oriented police officers, one at each family public housing development, at a cost of $50,000 each. The agency has made the decision to continue this cost out of capital fund resources.

6. Information Technology

GSD was not able to obtain a completed IT survey from the PCHA; however, based on observation, it would appear that the agency has IT costs that are similar to other PHAs, which would mean that it incurs IT costs that are substantially higher than private operators.

7. Legal costs

The agency estimates that the legal costs for 595 public housing units is $14,275, or $2.00 PUM.

8. Local mandates

The county commission recently imposed a requirement on all county social service agencies to demonstrate effective steps toward promoting family self-sufficiency. The agency considers its tenant services investments a response to that county mandate.

9. Responsiveness/Accountability

The deputy director reported no instances of the agency being expected to undertake additional activities that would fall in this category.

10. Other public entity costs

The agency reported that the State of Florida sunshine law imposed costs and burdens with respect to conducting their agency business. Also, the recent County Commission mandate on agencies to promote family self-sufficiency is noted elsewhere. Finally, the State requires an annual Special District Report (about 2 hours of the Finance Directors' time).

REGULATORY WORKSHEET
PINELLAS COUNTY HOUSING AUTHORITY

CATEGORY	DESCRIPTION	ANNUAL	PUM
1. Cooperation with Welfare Agency	Annual coordination efforts	$1,220	$0.17
2. Deconcentration	No additional cost reported	$0	$0
3. Grievance Policy	No formal grievances/current tenants	$0	$0
4. Pet in Family Housing	53.5 hrs @ $23	$1,231	$0.17
5. Rent Rules • Imputed welfare income* • Income disregards • Minimum rents** • Choice in rents	*40 hrs. @ $23 **$1,000 (1/3 of survey costs done every 3 years) $400 communication costs No costs for other items	$2,320	$0.32
6. Section 3	Note: while about $25,000 is estimated by the agency to be spent in the public housing operating budget on Section 3, the agency agreed that these were "local" costs that exceeded the demands of the federal requirement.	$0	$0.00
7. Section 12(a) Wage Rates	No additional cost reported	$0	$0.00
8. Procurement	No purchases over $100,000	$0	$0.00
9. Waiting lists	No costs	$	$0.00
10. PHAS	181.5 hrs @42.30 blended rate, plus $1,000 for IT and Central office costs	$8,677	$1.22
11. Annual Unit Inspections	No additional costs reported	$0	$0.00
12. Annual Plan	50% of $7,331 estimated cost	$3,666	$0.51
13. Resident Participation Requirements	Covered under Annual Plan; considered good practice	$0	$0.00
14. Young-disabled in Elderly Buildings	Extra lost rent @ extra turnover costs 13 units @$353 per	$4,589	$0.64
TOTALS		$31,703	$3.04

San Antonio Housing Authority
Case Study Field Notes

BACKGROUND

The San Antonio, TX, Housing Authority (SAHA) has 6,115 units of public housing and another 2,900 units of "affordable housing" that the agency refers to as its "non-profit" inventory. This non-profit inventory consists of units acquired from HUD (Section 236 and Section 8 properties in workout situations), properties built by SAHA using taxable bonds and 4% credits, and properties acquired by SAHA through the Resolution Trust Corporation. The non-profit inventory runs the gamut from 100% deep subsidy to market-rate properties, with certain units set-aside for low-income families. SAHA would like to build or acquire another 2,000 or so units in the next few years as well as potentially demolish some of their old public housing inventory. They have two HOPE VI sites that are nearing occupancy and are submitting another HOPE VI application this year for a site that previously had some 600 units. The agency manages all but 130 of its non-profit units and all of its public housing units.

In addition to its public and non-profit housing, the agency administers approximately 12,000 Section 8 housing vouchers.

Organization

The agency is overseen by an 11member board that meets monthly. Members are appointed by the City Council and serve a maximum of three two-year terms.

SAHA has a large staff (750-800 people for an inventory of about 8,900 units) and is presently, as described by the Chief Executive Officer (CEO) and the Chief Operating Officer (COO), top-heavy. According to the June, 2002, organizational chart, in addition to a CEO and COO, there are eight vice presidents with operating responsibility and ten executive departments (legal, procurement, security, finance, etc.). This structure will shortly be streamlined to place focus on property management, asset development and asset management as the main mission of the agency.

SAHA has a history of managing and developing housing in a conventional real estate context. In past years many of the functions normally delegated to the site level by private property managers were also delegated by SAHA. For a variety of reasons, in recent years, many of these functions have been centralized, but the agency is now considering ways to decentralize them again. They expect to recoup considerable cost savings from such moves. Similarly, in times past maintenance was under the control of site managers, and at present is now split off and supervised separately. This, also, is about to be reversed.

Budgeting and Financial Management

The agency's Allowable Expense Level (AEL) for 2003 is $242.22 per unit monthly (PUM). It also receives add-ons under the Operating Fund of $16.12 PUM, for a combined total of $258.34 PUM. SAHA's operating budget (less utilities) for the same period is about $305 PUM. The difference is made up mostly through transfers from the Capital Fund (about $26 PUM, or $1.9 million). The most recent version of the Cost Model predicts an AEL of around $271 PUM (adjusted for 2003), which would provide some relief from the operating deficit, but there remains a gap.

The agency receives $8.3 million annually under the Capital Fund, or $1,358 per unit, which compares to a national figure of around $2,200/unit. The agency is observed, however, to have large capital needs. This relatively low level of capital funding is compounded by the fact that a significant share of the Capital Fund, or around 23%, is used for Operations and Management Improvements.

The agency is in the second year of "project-based budgeting", wherein reports are prepared monthly showing income and expenses on a property basis. However, consistent with its centralized organizational structure, about 49% of the agency's non-utility operating costs fall under various centralized cost centers, which are then allocated to each property.

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperative agreement with Welfare Agency

No costs were reported for this requirement.

2. Deconcentration

SAHA completes an internal analysis of the income data by property (readily available) and lists the eight or nine family properties which fall outside the range, which are newer properties in good locations. It has a voluntary incentive program for transfers to these properties. No material costs were reported to comply with HUD's deconcentration requirements.

3. Grievance Policy

SAHA has a three step grievance process: 1) written grievance to manager, 2) a two person grievance committee consisting of someone from the in-house legal department (generally a paraprofessional) and other SAHA employee, and 3) eviction proceedings, if warranted. Steps 1 and 2 are not required under state law and SAHA does not use this process in its non-profit inventory, although it does give 14 day notice instead of the state required 3 day notice. The hearings last about 1 hour and the staff estimate of time spent per grievance is 6 hours. While no exact records existed, the number of formal grievances were believed to be not more than 10 in the past year.

4. Pets

Agency has a strict pet policy (less than 12" or 20 lbs, a $200 deposit, etc.). Prior to the implementation of this HUD requirement, it prohibited pets in family developments, however it had an illegal pet problem. It has now less than 25 pets registered but still has an illegal pet problem. No material costs are reported for this requirement.

5. Rent Rules

There are four "different" rent rules in public housing.

- Minimum Rent. SAHA uses a $25 minimum rent, with a hardship policy that is rarely used.
- Imputed Welfare Income. A small number of families (believed to be under 50) have imputed welfare income as part of their rent calculation. The tracking system makes identifying and monitoring this relatively easy for SAHA.
- Flat Rents. Few families (less than 3%) make use of the flat rent option. SAHA conducts an internal market analysis to fix appropriate flat rents and considers this a good management practice since it is necessary on their market rate properties.
- Income Disregards. Income disregards are the most time consuming of the four categories, largely because of the need to educate staff as to the requirements, set up appropriate protocols and tracking systems. Now that this is done, SAHA sees little cost to maintaining this system on an ongoing basis, especially in light of the fact that less than 1% (about 50 families) qualify for this disregard.

The agency did not report any material costs related to these special rent provisions.

6. Section 3

The procurement office at SAHA engages in extensive pre bid assistance on meeting Section 3 requirements as well as requiring monthly reports and monitoring those reports. This admittedly expensive process falls mostly on the capital side of the budget, however, since out of the operating budget there are only two contracts to which it applies (lawn care and janitorial). Human Resources handles Section 3 as a normal part of its operation for hiring (as opposed to contracting). The agency reports minimal implementation costs.

7. Wage Rates

HUD sends SAHA a list of applicable maintenance wage rates annually. In practice, the wage schedule adopted by the agency (based on a consultant survey of market wages) is higher than the HUD required rates. As a consequence, there is no cost reported for complying with this requirement.

8. Procurement

SAHA uses the State threshold of $25,000 for formal bidding. On the operating side, only two procurements a year fall above the Federal threshold of $100,000. The agency estimates advertising costs at around $1,000 for each formal bid (although it is exploring various "internet" services that would reduce that figure.)

9. Waiting lists.

Up until a few months ago, SAHA maintained site based waiting lists based on its experience that it was cost effective, comparable with private business practices and convenient to the customer. However, several years ago, it got involved in a HUD challenge to the racial composition of some developments and, after lengthy negotiations, signed a voluntary compliance agreement that, among other things, requires that it revert to centralized waiting lists.

Implementation of the voluntary compliance agreement has had substantial cost impacts with respect to (1) additional staffing/resources required to manage the new waiting list requirements and (2) increased project vacancies (which did not exist prior to the VCA). The question is whether these costs are a "regulatory" requirement. While acknowledging that these costs appear substantial, GSD takes the position that these are not purely regulatory costs but a result of the negotiated VCA (absent the VCA, the agency would not be administering a centralized waiting list).

As a practical matter, SAHA's strategy is to actively work to address the imbalance (and address other unrelated elements of the VCA) and then seek permission to return to the old site based waiting list with better monitoring and incentives.

10. PHAS

There are four components to PHAS:

- Management Operations. Like the annual plan, the PHAS reporting requirements necessitate some time, but are not difficult to assemble. The Property Management division estimates about 46 hours of their time to assemble data, check information and take the material through board approval and reconciliation with the outside audit.
- Finance. The Finance Department estimates its time at about 24 hours for its year-end reporting portion of PHAS (beyond standard year-end close-out activities).

- Resident Survey. The tenant survey portion of PHAS was seen as the most burdensome (about 125 hours of time plus printing costs), especially since HUD never sent out the Tenant Survey this year after SAHA had each property management met with tenant groups to explain that the survey was coming.
- Physical Inspection. The REAC inspection process is the same for public and assisted housing.

11. Annual Unit Inspections.

SAHA considers annual unit inspections good practice. No significant additional time was reported to complete the current UPCS inspection protocol versus the former HQS protocol.

12. Annual Plan.

The process of preparing the annual plan is done in the property management division, which coordinates submissions of the other divisions and edits the materials into a first draft. The Vice President for Property Management then reviews the draft and coordinates with the Community Initiatives division, which conducts three hearings with the RAB. Typically there are no changes to the document, which is then sent to the Board of Commissioners for approval and submitted to HUD. While the process takes several months, it has become routine and the information assembled is typically readily available within the agency. Costs are detailed later but estimated by agency staff to be about $19,000.

13. Tenant Participation requirements.

SAHA engages in a fairly intensive process to maintain tenant organizations at every site. It also has quarterly "zone" meetings at which SAHA's CEO and staff meet to hear tenant concerns. The presidents of these tenant organizations form the RAB, which meets three times in the review of the Annual Plan (costed elsewhere). There is dissatisfaction in the non-profit developments that they get less money than the Public Housing units (the $25 PUA). Most of this money seems to be spent on social events of one kind or another. Since this is agency policy, which cuts across the entire inventory, there is no net cost to these unique public housing tenant participation requirements.

14. Admission of Young disabled.

SAHA has about 2,399 units of elderly housing. In 1995, as soon as it became legal to do so, they converted all their elderly properties to elderly only and provided incentives for young disabled to be housed elsewhere in SAHA developments. They continued to make services provided to seniors available to young disabled regardless of where they lived. (SAHA has a well-funded program for senior service coordinators.) Subsequently, HUD determined that the policy of 100% elderly only properties did not adequately provide opportunities to young disabled on SAHA waiting lists, so recently SAHA had re-designated 25% of its properties as open for admission to young disabled. During the last ten years (before the designation as elderly only and now with the reversal of occupancy policy for some properties), SAHA has operated elderly only buildings in its non-profit inventory. The agency reports that there is no difference in costs in buildings serving either mixed-populations or senior-only and that the desire to designate properties as senior-only relate to lifestyle choices.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee compensation.

The agency's wages for on-site administrative and maintenance staff are roughly comparable with other local operators of assisted housing. However, SAHA's fringe benefits are higher. SAHA's fringe benefits amount to about 33% of salary, compared with about 22-28% in the private market. Most of the differential in fringes can be found in SAHA's contribution to retirement. SAHA indicated that it attempts to maintain benefit and wage parity with local government.

2. Organization and work rules.

Because SAHA does not have unions and is a right to work state, work rules, per se, are not an area of difference between public housing and other operators of assisted housing. It also does not have any legal encumbrances to downsizing or reorganizing and has done so in the past. What is different, however, is the level of centralization, the much greater reliance on trades personnel, and the much lower use of contractual services for such items as painting of vacant units.

Commonly, a private operator will require a maintenance supervisor to be HVAC certified and demonstrate competence in electrical, carpentry and plumbing. Maintenance assistants would be required to demonstrate lesser levels of competence. In SAHA the same numbers of maintenance employees were hired at the site level, but a centralized crew of 70 specialized skilled tradesmen (paid at a higher wage rate) were deployed from a central office to handle tasks commonly assigned to the site-based staff of the private comparables. The same is true for the property managers, who have considerably less responsibility in SAHA (and corresponding additional staff in the central office to perform those functions) but are paid at the same wage rate as private counterparts.

3. Resident Programs and Initiatives.

SAHA has an extensive program of resident programs and initiatives. It considers it good business practice and extends those services to its non-profit portfolio. Many of the programs are paid for out of other sources; still, the operating budget pays for an estimated $657,000 annually in resident programs ($9.30 PUM, or 3% of non-utility spending). The non-profit comparable also had considerable social services but organizes and handles those services differently. The latter relies extensively on volunteers from educational and social service agencies.

4. Populations Housed.

SAHA targets "good" tenants within the income rage open to public housing. It is not seeking (except in some smaller properties) to achieve income mixing as a major goal nor does it seek to serve households that are especially service-needy and, thus, would require higher expenditures. It also does not have a different cost structure for its nonprofit portfolio (some of which is mixed income).

5. Security costs.

Traditionally, SAHA has funded security costs through the Public Housing Drug Elimination Program (PHDEP). Mostly, the agency provides roving police patrols at targeted family properties. Total security expenditures, including all sources, are around $521,000, or $7.37 PUM, which is well within amounts for assisted housing. With the end of PHDEP, the agency is reducing its security expenditures and is also working with the Police Department to pick up the costs of providing security through the community policing program.

6. Information Technology.

While SAHA was not able to complete the IT survey, a review of their budget indicates that the annual centralized cost to support this system (IT staff, consultants, hardware/software maintenance, etc.) is well in excess of $10 PUM, exclusive of one-time purchases of software and equipment. This spending is substantially higher than what would be found among operators of assisted housing. It should be noted that the agency recently purchased a "top-of-the-line" financial package, reported to cost in excess of $3.0 million.

7. Legal costs.

Legal costs incurred by the operating budget amount to around $270,000 annually, or $3.80 PUM. This amount might be $1-$2 PUM higher than what might be expected in comparable assisted housing.

8. Local mandates.

The only formal local mandate required of the agency, but not of other operators of assisted housing, is the requirement for formal bidding for items of $25,000 or more.

9. Responsiveness/Accountability.

SAHA indicates that it operates in an environment in which it is held accountable for quick response to information to address questions about specific tenant complaints. This, in turn, has contributed to the higher reported cost of their MIS system.

Given the extensive activities of the non profit comparable with respect to community service activities, there does not seem to be a large costs differential between what SAHA does as a matter of community involvement than does the non profit.

10. Other public entity costs.

Items reported include:

- Time required to bring items to the board, and
- VCA.

REGULATORY WORKSHEET
SAN ANTONIO HOUSING AUTHORITY

CATEGORY	DESCRIPTION	ANNUAL	PUM
1. Cooperation with Welfare Agency	No additional cost reported	$0	$0.00
2. Deconcentration	No additional cost reported	$0	$0.00
3. Grievance Policy	10 grievances x 6 hours x $50/hr	$3,000	$0.04
4. Pets in Family Housing	No additional cost reported	$0	$0.00
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents	No additional cost reported	$0	$0
6. Section 3	Clerical: 12 x $25= $300 Professional: 15 x $50= $750	$1,050	$0.01
7. Section 12(a) Wage Rates	No additional cost reported	$0	$0.00
8. Procurement	Two purchases over $100,000 @ $1,000 in advertising	$2,000	$0.03
9. Waiting lists	Additional costs not a result of regulation but consent decree.	$0	$0.00
10. PHAS	• Operational. 46 hours x $50/hr • Finance. 24 hours x $50/hr • Resident Survey. 125 hours x $50/hr • Printing. $1,000.	$10,750	$0.15
11. Annual Unit Inspections	No additional cost reported.	$0	$0.00
12. Annual Plan	380 hours @ $50/hr	$19,000	$0.26
13. Resident Participation Requirements	Other than that for which agency receives $25 PUA for Resident Participation, and other than activities already covered under Annual Plan, no additional costs associated with Federal Resident Participation requirements	$0	$0.00
14. Young-disabled in Elderly Buildings	No additional costs reported.	$0	$0.00
TOTALS		$35,800	$0.49

Housing Authority of Baltimore City
Case Study Field Notes

BACKGROUND

The Housing Authority of Baltimore City (HABC), the nation's fifth largest housing authority, has nearly 14,000 units of public housing, of which approximately 12,000 are managed by HABC. Approximately 10% of the units are privately managed. HABC also administers nearly 7,500 Section 8 vouchers. Its 69 public housing developments are located across the City. HABC currently employs 1,267 staff.

According to 2002 Census figures, Baltimore City has a population of 651,154, which represents an 11.5% drop from 1990. However, the Baltimore PMSA experienced a 7.2% gain and its population, 754,292, is now greater than that of Baltimore City.

Organization

The current director has been in his position since November 2000 and also serves as Baltimore City's Housing and Community Development Commissioner. His senior HABC management team also has a number of new members, including the Deputy Executive Director, Chief Financial Officer and Chief Information Officer. The agency is a Standard Performer under the Public Housing Assessment System, with a 2001 score of 26 (out of 30) on the Management Operations component.

A five-member board oversees the agency. A new chair was elected in December 2002. The Board meets monthly for approximately 1.5 hours. It reviews resolutions regarding the properties and the agency that require HUD approval, discusses resident matters that have come to its attention, reviews bid protests over $50,000, and approves the Annual Plan and Budget.

For its public housing, the agency delivers property management services under a fairly centralized arrangement. Routine work orders and annual unit inspections are handled by on-site maintenance staff, while most specialized maintenance is handled through a central maintenance department. The agency also maintains a central warehouse and central waiting list/leasing office. The central leasing office completes applicant screening and makes referrals to the on-site housing managers. The housing managers are primarily responsible for showing apartments to referrals, completing the leasing process, rent collections, lease enforcement, and recertifications. Housing managers are also responsible for directing on-site maintenance activities.

Budgeting and Financial Management

The agency's requested FY 2003 Allowable Expense Level (AEL) is $336.57 per unit monthly (PUM) but it also receives add-ons of $37.86 PUM, for a total of $374.43 PUM. By comparison, GSD's cost model predicts a figure of approximately $333 PUM (adjusted for 2003).

Consistent with its centralized organizational structure, the agency does not maintain a comprehensive system of property-based budgeting and accounting. While the agency has the ability to track certain direct property costs (utilities and some contracts such as janitorial, heating, landscaping and electrical), the agency relies primarily on agency-wide financial fund reporting. Some property-related contracts that are procured agency-wide are allocated on a property-by-property basis and central maintenance is allocated not on actual usage but on a per-unit basis. Centralized costs account for well over 50% of the agency's non-utility operating costs.

The agency receives approximately $25 million a year in the Capital Fund. Of this amount, the agency projects $2.5 million for operating and $1.3 million for management improvements, or about $27 PUM, for FY04.

Over the past five years, approximately 2,000 units have been demolished and another 1,200 are currently off-line.

REGULATORY ENVIRONMENT

This section of the case study field notes reviews the 14 operating regulations that, compared to assisted housing, are unique to public housing (see Chapter 2).

1. Cooperative Agreement with Welfare Agencies

The agency has a signed agreement for its Welfare-to-Work Program and for the sharing of information with the state's welfare agency. Two staff meet monthly for two hours with the welfare agency and consider this a requirement above and beyond what they might otherwise do. The estimated cost is $.01 PUM (see Regulatory Worksheet for calculation).

2. Deconcentration

The agency has one person spend one week per year in assembling the deconcentration information necessary to include in the Annual Plan. The agency has recently procured a new financial and accounting management system, which may make it possible to streamline the time required but, for the moment, the cost impact, while minor, is estimated at $.01 PUM (see Regulatory Worksheet for calculation).

3. Grievance Policy

HABC conducts approximately 50 resident grievances annually. An HABC staff person is allocated half-time to coordinate and attend the hearings. An HABC attorney and paralegal prepare for each hearing, which only the attorney attends. A non-staff hearing officer chairs the hearing and is compensated $25 for each one. A principal clerk attends each hearing, takes notes and prepares the finding that is sent to the resident. The cost is estimated at $.30 PUM (see Regulatory Worksheet for the calculation).

HABC also handles another 12 to 13 applicant hearings annually with the same procedure mentioned above. However, since informal applicant hearings are also required in other federally funded assisted housing, this is not a "unique" cost.

4. Pets in Family Housing

Before the current pet policy was enacted, approximately 20% of the family properties had very liberal pet policies that had few specific regulations.

HABC 's current pet policy was adopted for all of its public housing and has fairly standard requirements ($25 deposit, no pet more than 25 pounds, all pets must be on a leash when outside the unit, etc.) that are somewhat less stringent in some areas (smaller deposit - $25 vs. $100 - $200, slightly larger size – 25 lbs vs. 20 lbs) yet very specific in defining animals it will not accept, including pit bulls, rottweilers, bull mastiffs and Doberman pinschers.

HABC estimated[4] that one-third of its family units (approximately 3,000 units) have dogs and that the damage from dogs averages $250 per apartment when a family moves out. Damage comes from pets digging up yards (many dogs are tied up outside), as well as damage to unit doors and floors. The average tenancy in HABC family properties is 5 years, meaning that one-fifth of the households with dogs (600) move annually. This equates to $1.05 PUM (see Regulatory Worksheet for the calculation). However, the

[4] HABC was unable to confirm the number of pet deposits as a way to verify the estimated number of dogs.

combination of HABC's inability to confirm the number of pets plus its far greater estimate of cost than any other PHA surveyed in this category, suggests this calculation may be overstated.

In addition, it could be argued that there was a pet expense associated with the 20% of the family properties (estimated at 600 units) that pre-dated the HUD-required mandate to allow pets in family housing that should not be a part of this calculation.

5. Rent Rules

There are four "special" rent rules for public housing.

- Minimum Rents. The agency has a $0 minimum rent which does not involve any additional administrative tasks. There is a $50 minimum Security Deposit.
- Income Disregards, Imputed Welfare Income and Annual Choice of Rents. HABC explained that, for them, the expense of rent rules is in the time required to make staff knowledgeable about them and to review them with applicants and residents at the time of certifications and recertifications. HABC estimates this takes 5 minutes with 12,000 households annually for a cost of $.15 PUM (see Regulatory Worksheet for the calculation).

6. Section 3

The agency promotes Section 3 in both its hiring and contracting. It reported no material costs associated with this special provision concerning hiring. However, it estimated that on occasion it has to go to the second lowest bidder on contract proposals where the contractor with the lowest bid cannot demonstrate MBE/WBE compliance; however, this is not covered under the Section 3 regulations and not considered a regulatory burden, per-se (see local mandates section under operating environment).

7. HUD-Determined Wage Rates

Union requirements supercede HUD-determined wage rates so there are no costs associated with this requirement.

8. Procurement

The agency utilizes a nine person centralized procurement department to handle purchasing functions for all programs. HABC procures $30 million in goods and services annually. Its procurement thresholds are as follows:

- $1 - $1,000 one quote: verbal, written or faxed
- $1,001 - $50,000 3 solicitations with price analysis: verbal, written or faxed
- $50,001 and up advertise in local newspapers; formal bid process

The Chief of Procurement reported that 2% of procurement activities are for contracts or services over $50,000 and there are approximately 34 per year. HUD set the $50,000 threshold because the agency has been under corrective action. Of the 34 over $50,000, all are over $100,000 and five get sent to HUD for approval, as required.

The thresholds established for 98% of the procurements are similar to those any prudent real estate manager would set. The unique public housing cost comes in how each procurement under $50,000 must be documented (estimated at 1 hour for 1,000 procurements) plus the unique efforts that must be made in documenting all purchases over $50,001. These total 20 hours and include Davis Bacon wage determinations, a cost analysis, following up with HUD when HUD approval is required, following up on Section 3 and Fair Housing compliance and required file documentation.

Procurement requirements that are unique to public housing are estimated at $0.30 PUM for purchases of $50,000 or less and $0.20 for purchases of $50,001 and more, for a total of $.50 PUM (see Regulatory Worksheet for calculation).

9. Waiting Lists

The agency has chosen to continue to maintain a centralized waiting list. Therefore, HABC does not incur costs that are unique to this requirement except as noted below.

HABC is under the terms of a partial consent decree that requires that separate waiting lists be maintained for those 3,000 households affected by it. This is a local issue and is discussed below in the Operating Environment section**.**

10. PHAS

There are four components to PHAS.

- Financial. HABC spends $100,000 annually in preparing the Federal Data Schedule in connection with the agency's annual budget. HABC reported it hires a consulting firm to (1) close the books of accounts for the year-end balances to be reported on FDS, (2) compile a detailed FDS for reporting to REAC, (3) review HABC's internal accounts' analyses to ensure accurate balances on FDS, (4), tie the FDS reports to HABC's internal books of accounts, (5) respond to REAC on any inquiries or clarification requests, and (6) respond to HABC's independent auditor for audit inquiries about the FDS submission and account balance clarifications. Sixty percent of this expense was estimated as unique to public housing, equates to $.42 PUM and is detailed in the Regulatory Worksheet.

- Management Operations. HABC reported that it would track many of the PHAS performance indicators as a normal course of doing business. Nonetheless, it asserted that it incurs unique costs related to PHAS. These annual costs include (1) a one-quarter time FTE doing data collection; (2) a PHAS coordinator and Cashier Coordinator preparing reports at 216 hours each, and (3) spending 10 hours per month with HUD reviewing, revising the PHAS reports. These costs were collectively estimated at $.20 PUM and are detailed in the Regulatory Worksheet.

- Resident Survey. The agency did not report any material costs resulting from the resident survey, which is conducted by REAC. When the results from the survey are unsatisfactory, HABC estimates that it might take 15 hours to respond.

- Physical. The physical inspection conducted by REAC is the same for public and assisted housing.

11. Annual Unit Inspections

The agency has historically conducted both annual preventive maintenance and annual housekeeping inspections. They consider them both routine and a standard part of their operating practices. HABC did not report any additional costs associated with the change from using the Housing Quality Standards (HQS) form to the new Uniform Physical Condition Standards (UPCS) form.

12. Annual Plan

HABC undertakes a very comprehensive planning process to create the Annual Plan and asserts that it takes 35% more time to prepare the current Annual Plan than it took to budget and plan annually "pre-Annual Plan." The big time drivers are the level of preparation required, the revisions that HUD requires, and the level of distribution. They have always reviewed budgets with residents, so this is not new for the agency, and they want residents to embrace the Annual Plan.

The agency begins the annual plan process each year about eight months before the plan is due, beginning with a "kickoff" planning session that involves 30 staff and Resident Advisory Board members. Then, for 30 weeks, an average of 4 HABC staff participate in two 6-hour planning sessions per week following the HUD Annual Plan template. HABC's Director of Administration for Housing Operations leads these planning sessions. Capital Planning is an integral part of the process and involves 15 staff and 15 residents meeting for 6 hours twice a week for three weeks. The Housing Assessments section takes 3 staff a week each to complete because the information requested assumes the city has a consolidated plan, which it does not have.

When the Annual Plan is completed, the agency briefs 35 of its staff prior to the Public Meeting. The Public Meeting draws 55 staff and many residents. Numerous resident comments are received, reviewed and the Annual Plan is revised as appropriate. This effort takes 5 staff 25 hours each. After the report is printed and submitted to HUD, HUD often makes as many as two sets of revisions that take another 300 hours of staff time before the Annual Plan is finalized.

While HABC is a proponent of budgeting and planning, it has observed the Annual Plan's very open process has created tensions, particularly around capital planning priorities, which add to its complexity and time costs.

Last year was the first year HABC established the detailed planning schedule described above. HABC expressed ongoing frustration with HUD's revisions both to the Annual Plan template and to their submission. HABC explained, "It's the HUD piece that's extraordinary."

HABC participated in a very detailed exercise estimating those parts of the Annual Plan that would be routine planning and budgeting activities for any large real estate organization and those that were unique to public housing. As the Regulatory Worksheet demonstrates, HABC spends an estimated $1.10 PUM on the Annual Plan, of which $.46 PUM is attributable to HUD's unique requirements.

13. Tenant Participation Requirements

The agency actively supports resident participation throughout HABC. It encourages the formation of resident councils (all properties have established councils). Almost all councils have a designee to the Resident Advisory Board (RAB) which participates in activities such as the Annual Plan. HABC has two full-time staff who coordinate activities and communication between HABC, the RAB and the resident councils. This costs HABC $.78 PUM but is not considered an operating cost because these costs are covered by HUD RAB monies.

HABC applies $25 per unit of HUD RAB funds to resident participation activities, to tenant councils, to RAB and its activities and staff, and to other resident related activities sponsored by HABC.

14. Admission of Young-Disabled in Elderly Buildings

The agency has 17 properties that serve the elderly (about 3,000 units). Young-disabled households occupy about 20% of these units, a figure that is fairly consistent in each building. Most of the disabled are reported to be in wheelchairs. As noted earlier, HABC uses the term "multi-populated" to describe these properties.

Although the agency does report a number of management problems relating to the admission of "young disabled" in elderly buildings (discussed below), they have not sought approval to designate their multi-populated properties as "senior only." They have also not changed the staffing patterns at these properties as a result of the mix of elderly and young-disabled.

Although it is not able to track these costs specifically, the agency reported increased vacancies as a result of the housing of young-disabled persons in elderly properties. The agency estimated that the multi-populated properties experience one to two move-outs a month[5], and that while the agency does not conduct formalized exit interviews, it estimates that 80% of the voluntary move-outs are by an elderly long-time resident who no longer "feels safe." The perception is that the buildings are less safe because of the behaviors of the young disabled and their visitors. It was reported that there is "a lot of friction" in buildings populated with the elderly and young disabled. The agency also identified the need to do more routine cosmetic upgrades in these properties. The cost of additional vacancies, both in rent loss and repair, was estimated at $1,000 per unit or $1.15 PUM.

Some agency staff believe that it might not need the building monitors it has in 22 of its buildings as the result of housing the elderly and young disabled together. However, the Chief of Security reported he felt they would be needed because of the neighborhoods in which many of the buildings are located. Building monitors are stationed in these buildings 24 hours per day, 365 days per year. They cost the agency $9.15 PUM across the agency, but on these properties alone it approximates $28 PUM.

The agency also felt that there were potentially additional leasing costs associated with the voluntary move outs identified above. Also, like other housing authorities, HABC felt that social workers at the properties would be very beneficial in moderating the conflicts, helping residents be proactive in solving personal and inter-personal problems and relieving the site managers of this responsibility.

In the end, GSD was not able to provide an estimate of the cost to the agency for this "unique" requirement. First, the agency has made no efforts to apply to HUD to designate its buildings as elderly-only. Hence, any extra costs associated with serving this population would appear to fall under the umbrella of "local choice." If, indeed, the costs were so significant, one would expect that such costs would motivate the agency to document those costs and seek HUD permission to designate its elderly buildings as senior-only. Second, the largest expense by far reported by the agency is in the area of security. These security expenditures at the elderly buildings might be one-third to one-half higher than a comparable privately assisted operator might spend in similar buildings in similar locations. However, it is not clear to the GSD team that the agency would reduce these security expenditures if the buildings were senior-only.

OPERATING ENVIRONMENT

This section of the case study field notes reviews those ten areas specific to a PHA's local operating environment that might account for operating costs that are higher than private operators of assisted housing, particularly non-profit operators (please see Chapter 3).

1. Employee Compensation

HABC negotiates wages with three unions regarding compensation for its maintenance and administrative non-exempt employees. HABC is not required by state law to pay union wages although it must comply with HUD's Section 12a (HUD-Determined Wage Rates) and pay all maintenance staff the prevailing wage for the area. HABC conducts regular compensation studies and has recently been losing maintenance staff to other local governmental agencies whose hourly wages are higher. HABC's wages are, on average, comparable (within 7%), or somewhat higher, than those typically paid by private managers of assisted housing. The greatest variation in wages is among site managers where the size and complexity of a property can have a significant influence on the wage. The somewhat higher wages paid can be due in part to the long tenure of many HABC employees, whose pay is adjusted upward regularly. HABC reported that its benefits, including a pension plan, average 38% of wages while the general labor market pays 22%

[5] This is based on 300 move-outs on 3,000 units annually. With 17 properties, this works out to 1.5 move outs per month per property.

to 28%. HABC reported that it was its benefits, rather than its wages, which was most attractive to both new hires and existing staff.

2. Organization and Work Rules

HABC has a very centralized maintenance staffing structure that relies heavily on specialists. This organizational design goes beyond what private management companies typically do and can be a significant cost driver. Additionally, the agency assigns far less responsibility/authority to its housing managers than what is found among typical operators of assisted housing, choosing instead to centralize many administrative functions. HABC felt that the impact of these different organizational arrangements was felt mostly in the area of unit turnover, resulting in longer periods to prepare a vacant unit. GSD viewed these organizational arrangements are much more consequential in terms of costs and service delivery. While difficult to extract, it would appear that centralized administrative costs are at least two to three times higher than the agency receives in property management fees for its privately-managed sites.

3. Resident Programs and Initiatives

HABC believes strongly in promoting economic self-sufficiency and in general service coordination while underscoring the need for all programs to be performance driven. It emphasizes five programmatic areas:

- Children.youth
- Elderly/disabled
- Family enhancement/crisis intervention
- Health
- Work force enhancement/enforcement

HABC's FY03 Low Rent operating budget for tenant services equals nearly $2 million ($11.56 PUM) and supports $1,654,305 in tenant services salaries as well as the $25 PUA that HUD provides for resident participation, which covers $119,177 in RAB payroll costs (salaries and benefits) plus $163,223 for council activities. HABC's FY03 budget for tenant services across the agency is over $8 million. Its revenues come from a variety of sources in addition to the Low Rent operating budget and include ROSS grants, drug elimination funds, as well as state and local funds.

Frequently, the agency partners and coordinates with existing service providers to help residents access needed services. It will provide space on site at a nominal charge to local agencies to operate programs that benefit residents (Head Start, adult education, youth programs, etc.). HABC has recently initiated the process of creating a non-profit subsidiary that would make it more eligible for third party service provision and grants than it is now.

These budget allocations are at the discretion of the agency and are not required.

4. Population Housed

Although the income profile of households served by operators of both assisted properties and public housing authorities have been found to be essentially the same, HABC wanted to underscore that 40% of its residents must be under 30% of the area median income (AMI). Discussions to identify and estimate any additional costs related to this specific requirement found no unique expenses.

Additionally, as indicated under Regulatory Environment, it would appear that the agency has costs associated with serving "young-disabled" in its elderly buildings but those costs would be considered more a local choice than a federal requirement since the agency has not chosen to apply for senior-only designation.

5. Security Costs

Beginning in the early 1980s, HABC began to provide security services to its properties to supplement or add additional services "above-baseline" to those provided by the Baltimore City Police Department. By the end of the 1980s, HABC's security operations consisted mainly of contracted private security companies, including off-duty city police officers for site-specific service. However, crime continued to increase on HABC properties. HABC determined that contracted security was not having an impact on reducing crime, it was not cost effective, and its high staff turnover was in part to blame. By 1991 HABC had established its own police force and crime began to go down at its properties. However, funding for security has relied on various grants and operating funds. In late 1999, funding sources began to be reduced or eliminated. As a result of the increasing unpredictability in funding sources for security operations, HABC felt forced to reduce its security operations twice in 2001.

Today, HABC maintains its own 217-person security force. Of this number 74 are sworn police officers (down from 102 in 1998) that include a police chief, 2 majors, 3 shift lieutenants, 12 sergeants and 56 police officers. These 74 sworn officers work 2 shifts per day, primarily patrolling and conducting community policing in HABC's family developments. There are also 119 building monitors who are civilians who are paid up to a maximum of $8.00 per hour. Building monitors have primarily concierge/receptionist duties and are assigned only to the agency's 22 "multi-populated"[6] buildings. Lastly, the security staffing includes 24 support staff.

HABC's Chief of Security is concerned that the current unpredictable funding streams for security operations will erode staff morale, make recruitment and staff retention more difficult, and minimize the opportunity to replace obsolete equipment or acquire new security technology. The 2001 budget cuts resulted in 50 to 60 officers applying to other police departments (there are 26 private police departments in Baltimore for private companies or agencies).

The agency expressed concern that, while it is neither a city nor a federal requirement that security be provided at HABC properties, the agency was likely to maintain some of its force when the drug elimination funds ended. The agency gave John Hopkins University as an example of a large institutional organization that supplemented the city's police patrols with additional manned security.

GSD notes that the way the agency provides security services is "extraordinary" with respect to private operators of assisted housing, both in the sense that security is centrally-controlled and in the actual presence of in-house law enforcement.

6. Information Technology

HABC has had a series of IT "problems" over the past several years and recently severed its relationship with an IT vendor that was developing a customized, integrated software system for public housing and Section 8. Based on current IT staffing, and based on expenses incurred to develop this new IT system, it is easily observed that the agency spends substantially more than typical private operators of assisted housing on IT.

7. Legal Costs

The agency's FY03 legal budget is $1.5 million, of which 93% is attributable to wages, employment taxes and benefits. The agency reported that it did not believe it had legal costs that were unique to being a public housing authority.

The agency reported that in its experience judges tend to favor the tenant over HABC in court matters because judges perceive the tenants have no other place to live. HABC reported, however, that this difference in treatment is not significant.

HABC legal staff also participate in grievances (see above).

[6] HABC uses the term "multi-populated buildings" to describe their properties for the elderly and disabled.

8. Local Mandates

HABC must comply with the requirements of the 1995 Thompson partial consent decree, which requires that 3,000 households relocated by HABC have priority in returning to the City's HOPE VI properties. Approximately 30 households come off separately maintained waiting lists annually and 15 are housed in conventional public housing. These 15 households are estimated to require 20 hours in additional staff time in processing and documentation.

Additionally, the agency reports that on occasion it has to go to the second lowest bidder on contract proposals if the contractor with the lowest bid cannot demonstrate MBE/WBE compliance, which has been set at 20% participation.

9. Responsiveness/Accountability

The agency believes there is a community expectation that it will be responsive to each and every advocacy group that comes to its door. It believes this is an expectation over and above what typical non-profit affordable housing providers face. HABC identified advocates for the disabled, ex-offenders and residents of certain communities as recent examples of groups with whom they have met.

10. Other Public Entity Costs

Other public entity costs reported by the agency include:

- <u>CitiStats</u> – Baltimore's Mayor has instituted a program of compiling and reporting a variety of statistics about the City's performance in a number of areas. It measures everything from how many vehicles to how many vouchers HABC has. The agency is an active participant in the reporting and it is a significant effort that takes approximately 75 hours a month in staff time.
- <u>Housing Homeless Report</u> - This is an additional City report that takes about 7.5 hours per month to prepare.

REGULATORY ENVIRONMENT WORKSHEET
HOUSING AUTHORITY OF BALTIMORE CITY

CATEGORY	DESCRIPTION	ANNUAL	PUM[7]
1. Cooperation with Welfare Agency	2 staff x 1 meeting/month x 2 hours x 12 months x $ 38.92/hr*	**$1,868**	**.01**
2. Deconcentration	1 staff x 37.5 hours/yr x $28.31/hr*	**$1,061**	**.01**
3. Grievance Policy	a. 1 Staff Coordinator (half-time) = 975 hours x $28.31* b. 1 Attorney = 3.5 hrs x 50 grievances x $35.38/hr* c. 1 Paralegal = 2 hr x 50 grievances x $21.23/hr* d. 1 Chair @ $25 x 50 grievances e. 1 Principal Clerk = 5 hrs x 50 grievances x $21.23/hr*	$27,602 $ 6,192 $ 2,123 $ 1,250 $ 5,308 **$42,475**	0.19 0.04 0.01 0.00 0.04 **0.30**
4. Pets in Family Housing	• 9,000 family units • 3,000 households have dogs • "Dog damage" at moveout = $250 • Turnover rate = 20%/year **3,000 units x .20 = 600** • 600 units x $250 per year	**$ 150,000**	**1.05**
5. Rent Rules • Imputed welfare income • Income disregards • Minimum rents • Choice in rents	Additional cost reported relates to informing residents of rent rules at certification and recertification: 12,000 transactions x .0833/hr (5 min) x $21.23/hr*	**$ 21,222**	**0.15**
6. Section 3	Additional costs are a local choice, not required	**$0**	**0.00**
7. Section 12(a) Wage Rates	No additional cost reported; union negotiations/wages supercede	**$0**	**0.00**
8. Procurement	a. 1,000 annual procurements <$50k: 1 hour for HUD documentation @ $42.46/hr* b. 34 procurements > $50k • Wage Determination = 5 hrs • Cost Analysis = 4 hrs • Review w/HUD = 2 hrs • Review w/Fair Housing = 2 hrs • File Documentation = 6 hrs • 34 procurements x 20 hrs @$42.46/hr*	$42,460 $ 28,873 **$ 71,333**	0.30 0.20 **0.50**
9. Waiting lists	No additional cost reported	**$0**	**0.00**
10. PHAS	a. Financial Data Schedule: Part of public housing annual operating budget. Costs $100,000 to prepare. 60% pertains to conventional public housing units b. Data Collection: CFO's Office: ¼ FTE @ $74,520 ($54,000 salary + 38% fringe).	$60,000 $ 10,000	$0.42 .07

[7] Based on 11,863 units

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	Say $20,000. Half of this work is routine; half is specific to being a PHA		
	c. Data Collection: Reporting: PHAS Coordinator: 1 wk/mo = 450 hrs/yr, Half Routine/Half PHAS specific: 225 hrs x $35.38/hr* =	$ 7,961	.06
	d. Data Collection: Reporting: Cashier/Coordinator: 1 wk/mo = 450 hrs/yr; Half Routine/Half PHAS 225 hours x $28.31/hr* =	$ 6,370	.04
	e. HUD Revisions: 10 hr/mo x 12 mo x $35.38/hr* =	$ 4,246	.03
		$88,577	**.62**
11. Annual Unit Inspections	No additional cost reported	**$0**	**0.00**
12. Annual Plan	**Prep for kickoff meeting: 2 staff x 3 hrs each x $42.46/hr* = $255: ROUTINE**	$ 0	$ 0
	a. Kickoff meeting for annual budget: 30 staff x 3 hrs x $56.62/hr* = $5,096: ROUTINE	$ 0	$ 0
	b. Creating Agendas, Coordinating, Scheduling Planning Sessions: 2 staff x 2 hrs each x 30 meetings x $42.46/hr* = $5,095. ½ ROUTINE; ½ UNIQUE to Annual Plan	$ 2,548	$ .02
	c. Conduct Planning Meetings: 4 staff x 6 hrs each x 30 weeks x 2 meetings/week x $42.46/* = $61,424. ½ ROUTINE; ½ UNIQUE to Annual Plan	$30,712	$ .22
	d. Prep for Capital Planning Meeting: 15 staff x 6 hrs each x 3 weeks x 2 times/week x $42.46/hr* = $22,298. This is all ROUTINE	$ 0	$ 0
	e. Housing Assessments: 3 staff x 37.5 hours x $28.31/hr* =	$ 3,185	$ .02
	f. Other Specilized Prep: 6 hrs x 4 times x $46.00/hr* = !,104. ½ ROUTINE; ½ UNIQUE to Annual Plan =	$ 552	$ .00
	g. Lunches: $150 ea x 30 weeks x 2 mtgs/week = $9,000, ½ ROUTINE; ½ UNIQUE to Annual Plan =	$ 4,500	$ .06
	h. Video =	$ 5,000	$ .04
	i. Publishing, Distributing and Revising		
	1. Briefing for staff: 35 staff x 2 hrs x $46.00/hr* = $3,220. This is ROUTINE	$ 0	$ 0
	2. Public/Residents Meeting: 55 staff x 2 hrs x 46.00/hr* = $5,060. ½ ROUTINE; ½ UNIQUE to Annual Plan =	$ 2,530	$ .02
	3. Public Meeting Set-up Costs =	$ 500	$ .00
	4. Review Public Meeting Comments, Response: 5 staff x 25 hrs x $35.38/hr* = $4,423/hr*. ½	$ 2,212	$ .02

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	ROUTINE; ½ UNIQUE to Annual Plan =		
	5. Finalize Document: 3 staff x 15 hrs x $35.38/hr* = $1,592. ½ ROUTINE; ½ UNIQUE to Annual Plan =	$ 796	$ .01
	6. Submit Annual Plan to HUD = 2 staff x 10 hrs x $35.38/hr* =	$ 708	$ .01
	7. Printing – 250 copies: 4 staff x 7.5 hrs x $21.23/hr* = $637. ½ ROUTINE; ½ UNIQUE to Annual Plan =	$ 319	$ .00
	j. Ongoing Revisions: 5 staff x 2 iterations x 30 hrs each x $35.38/hr* =	$10,614	$ .08
	k. Reprint final copy – 150 copies: 2 staff x 7.5 hrs x $21.23/hr* =	$ 318	$ .00
	l. Material costs - flyers	$ 1,500	$ .01
		$65,994	**$ .46**
13. Resident Participation Requirements	All activities are covered by HUD RAB funds or already covered under Annual Plan line item.	**$0**	**0.00**
14. Young-disabled in Elderly Buildings	Please see corresponding narrative under Field Notes. Various costs are reported by the agency, including higher turnover and security. However, the agency has made no effort to designate its buildings as "senior-only." GSD was not able to prepare an estimate for the "unique" costs of this regulation.	**Not able to estimate cost**	**Not able to estimate cost**
	TOTALS	**$442,530**	**$3.07**

*These are hourly wage rates based on average salary plus taxes/benefits for the staff most likely to be involved in the task.