

APPENDIX I

Survey of Mixed-Financed Operating Costs

Since around the mid-1990s, PHAs have been allowed to build or acquire public housing (1) that is not wholly-owned by the PHA and (2) with funding sources other than public housing development grants. Properties built/acquired under these provisions are referred to as “mixed-financed” public housing. The great majority of these mixed-financed properties are also HOPE VI projects.

The universe of mixed-financed public housing is not large. Only around 60-80 public housing properties had, by the end of 2001 (when GSD first conducted its survey), at least one full year of operating cost data.

There are a number of features about mixed-financed public housing properties that may make them unusual or unique as compared with more traditional public housing.

- The properties are newer (although the cost model accounts for age).
- The properties may have special amenities, either in the way of physical features (say, carpeting) or services (say, security booths), that may not be common in public housing elsewhere.
- Mixed-financed properties are still a relatively small universe of the public housing stock.
- The operating costs may be greatly influenced by negotiations in the development process regarding the provision of operating subsidies. In most of these deals, the agency commits to an agreed-upon operating subsidy and/or an operating budget ceiling in the development agreement. PHAs may not have benefited from sufficient information when negotiating these subsidy/budget levels.
- Few mixed-financed properties have more than a year or two of operating experience.
- Because the mixed-financed properties involve multiple subsidies, they often have multiple reporting and oversight costs.
- The mixed-financed properties that are also HOPE VI projects had mandated social service requirements, some of which may have carried over into the operating budgets.

With these special concerns noted, Table I.1 compares the operating costs of 28 mixed-financed operating properties with model-predicted amounts.¹ Because of their age, few of these properties are found in the public housing database provided to GSD by HUD for this study. In some cases, then, property variables were missing that required imputation (see table notes). Also, 2000 model estimates have been increased for inflation to match

¹ Model estimates reflect amounts after floors/ceilings – see Chapter 2.

the corresponding year for which data was provided. GSD generally sought to obtain year-end (actual) data. However, in some circumstances that data was not available and in other circumstances the PHA regarded the most recent budget to be more indicative of costs (representing some unusual costs/circumstances in prior year expenditures). GSD did not include in the survey any properties where the PHA both managed the site and utilized a general allocation system that did not accurately track a property's costs. Finally, amounts exclude utilities, real estate taxes, and agency contract monitoring costs.

Of the 28 properties shown, 19 had model-predicted amounts that were equal to or more than the actual costs. Of the nine that had costs higher than the model, four had costs that were not more than 10% higher than the model. Readers should be advised that this survey is not necessarily a representative sample. Some properties were dropped from the survey because of inconsistency in reported data or because of other unusual circumstances.

Table I.1: Comparison of Mixed-Financed Operating Costs with Model-Predicted Amounts, PUM (excluding utilities, real estate taxes, and agency monitoring costs)

PHA	State	Property Name	Total Units	PH Units	Avg Brms Per Unit	Building Type	Family or Senior	Model Estimate	Actual Costs	Source	% Variation
Allegheny Co.	PA	Hays Manor	138	138	2.20	Garden	Family	\$265	\$225	FYE 01	18%
Allegheny Co.	PA	Lavender Heights	24	7	1.80	Townhouse	Elderly	\$235	\$181	FYE 01	30%
Allegheny Co.	PA	Myers Ridge	83	41	2.81	Townhouse	Family	\$299	\$246	FYE 01	22%
Atlanta	GA	Magnolia Park I	220	87	1.95	Mixed	Family	\$292	\$222	FYE 01	32%
Boston	MA	Adams Orchard	115	100	1.92	Mixed	Family	\$358	\$399	FYE 01	(10%)
Boston	MA	Madison Trinity	216	193	2.50	Garden	Family	\$396	\$316	FYE 01	25%
Dallas	TX	Roseland Townhomes	152	114	2.28	Townhouse	Family	\$302	\$209	01 Budg	45%
Dallas	TX	Lakewest Townhomes	152	152	2.74	Townhouse	Family	\$331	\$250	01 Budg	32%
Elizabeth	NJ	Portside Commons	72	57	2.47	Townhouse	Family	\$391	\$292	01 Budg	34%
Houston	TX	Oaks at Allen Parkway	500	500	1.85	Mixed	Mixed	\$260	\$193	FYE 02	35%
Indianapolis	IN	Concord Village	171	171	2.61	Detached	Family	\$292	\$229	FYE 02	28%
Kansas City	MO	Cardinal Ridge	160	160	1.70	Mixed	Family	\$240	\$226	FYE 01	6%
Kansas City	MO	Villa del Sol	120	120	2.20	Mixed	Family	\$269	\$315	FYE 01	(15%)
Little Rock	AR	Madison Heights	140	59	1.90	Mixed	Mixed	\$239	\$236	FYE 01	1%
Louisville	KY	Villages at Park DuValle	213	92	2.44	Mixed	Family	\$266	\$305	03 Budg	(13%)
Nashville	TN	Vine Hill	152	136	2.10	Townhouse	Family	\$283	\$215	FYE 01	32%
Philadelphia	PA	Southwark Plaza	470	211	2.20	Mixed	Mixed	\$336	\$340	FYE 02	(1%)
Pittsburgh	PA	Oak Hill	393	393	1.80	Mixed	Mixed	\$251	\$321	02 Budg	(28%)
Pittsburgh	PA	Manchester I-IV (scattered sites)	86	86	2.40	Rowhouse	Family	\$285	\$271	02 Budg	5%
Pittsburgh	PA	C. Smith Terrace	36	25	1.00	Elevator	Senior	\$209	\$290	02 Budg	(28%)
Pittsburgh	PA	Penley Place Phase I	102	38	1.50	Garden	Family	\$243	\$267	02 Budg	(9%)
Seattle	WA	New Holly Phase I	305	177	2.76	Mixed	Family	\$321	\$282	02 Budg	14%
Seattle	WA	Stone View	62	19	2.10	Rowhouse	Family	\$279	\$278	FYE 01	0%
Seattle	WA	Denice Hunt	30	10	3.50	Townhouse	Family	\$340	\$369	FYE 01	(8%)
Snohomish Cnty	WA	Millwood Estates	300	43	1.80	Garden	Family	\$255	\$257	FYE 01	0%
Springfield	IL	Madison Park Place	150	50	2.10	Mixed	Family	\$250	\$290	02 Budg	(14%)
St. Louis	MO	Murphy Park, I and II	287	157	2.69	Detached	Family	\$277	\$241	01 Budg	15%
Washington, DC	DC	Wheeler Creek	148	148	1.41	Mixed	Family	\$325	\$289	02 Budg	13%

Notes to Table I.1: Comparison of Mixed-Financed Operating Costs with Model-Predicted Amounts, PUM

GSD deducted from financial statements supplied by the surveyed agencies amounts for utilities, real estate taxes, and agency contract monitoring/overhead charges. The following notes explain any other adjustments or assumptions, where appropriate.

1. Hays Manor. Property managed by housing authority. However, management of this site is “property-based” and costs reflect actual site costs, exclusive of overhead/management fee and security, which are not allocated to the site budget. Direct costs were \$144 PUM; GSD imputed another \$71 PUM for management fee and security.
2. Myers Ridge. GSD did not have distribution of market units, so assumed all 2-brms.
3. Adams Orchard. Excludes utility costs, but not “trash.” Also includes “bad debt”, which is shown as an adjustment to revenue in agency’s financial statements.
4. Madison Trinity. Excludes utility costs but not “trash.” Also includes “bad debt”, which is shown as an adjustment to revenue in agency’s financial statements.
5. Villa del Sol. Amounts exclude financing expenses.
6. Madison Heights. Property managed by housing authority. However, unlike other public housing properties within the agency, costs for this property are separately tracked (amounts do not represent general “allocations”).
7. Villages at Park DuValle. Amounts include LIHTC monitoring fee (\$4.17 PUM) but not agency’s own asset management fee (\$25.47 PUM). Also, deducted \$10 PUM as the estimated PILOT payment (not broken out separately on financial statement).
8. Southwark Plaza. Reflects ’02 Estimated Year-end figures, as supplied by management company. From total estimated non-utility operating expenses, excluded replacement reserve contributions (\$141,000) and capital expenditures (\$193,766). Of the \$340 PUM shown, includes \$44 PUM in resident services and \$35 for security.
9. Oak Hill. Deducted from financial statements costs for interest expense. Amount shown includes \$23 PUM in Resident Services funding.
10. Manchester I-IV. Combined amounts for four properties.
11. C. Smith Terrace. Elderly building on campus with other subsidized properties. High resident service and security costs.
12. Penley Place Phase I. Partial new construction and substantial rehabilitation of former FHA-distressed property. GSD did not have bedroom distribution for market-rate units, so assumed same distribution. Deducted from financial statements amounts for replacement reserves. Also, in accordance with conversation with C. Shea from housing authority, allocation between public and market rate units results in PUM for public housing of \$267.
13. New Holly Phase I. Deducted from financial statements costs of financial expenses.
14. Stone View. Mutual housing. Deducted from financial statements costs associated with prior year expenses, deferred interest expenses, and financial expenses.
15. Denice Hunt. Mutual housing. FY 01 budget \$335 PUM (compared with \$369 PUM actual). Excluded from amount shown prior year expenses.
16. Robury. Mutual housing.
17. Millwood Estates. Deducted from operating statement amounts for depreciation and rehab costs. Property maintained by private management company, except for the 43 public housing units, for which the agency provides the maintenance services and charges the property accordingly based on agency-wide allocation.