

## APPENDIX J

### Private Management Budgets

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Included in this appendix are narrative reports on 13 privately-managed public housing properties. Information provided includes: property characteristics, description of management responsibilities, staffing, and a comparison of current expenses with model estimates. Site maps and pictures are also included on many of these properties. Conclusions from this private management survey are included in Chapter 5, Field Testing (another 8 properties were reviewed under this study and included in Chapter 5 but for which detailed narratives were not performed).

The properties included with this appendix are listed below, along with the number of units, current operating costs, and model estimates. The model estimates are shown here, as well as in the reports, after application of the floors/ceilings (See Chapter 5). Model Estimates have also been inflated by 2.25 % annually to match the corresponding reporting year for each property. Please note that the amount shown under “Operating Costs” may reflect imputed values where GSD felt that sufficient funds were not provided to the property to assure proper management (see reports).

**Table J.1**

<b>Agency</b>	<b>Property</b>	<b>Units</b>	<b>Operating Costs</b>	<b>Model Estimate with Floors and Ceilings</b>
Baltimore, MD	Scattered Sites	360	\$315	\$345
Baltimore, MD	Poe Homes	298	\$219	\$307
Boston, MA	Commonwealth	392	\$320	\$371
Boston, MA	Patricia White	225	\$269	\$311
Kansas City, MO	Riverview Gardens	232	\$225	\$307
Kansas City, MO	Scattered Sites	280	\$308	\$327
Miami Dade, FL	Gwen Cherry	297	\$270	\$378
Miami-Dade, FL	Pine Island/Naranja	344	\$235	\$345
Mt. Holly, NC	Holly Hills	46	\$220	\$285
Pleasanton, CA	Kottinger Place	50	\$227	\$314
Washington, DC	Regency House	160	\$264	\$304
Washington, DC	Sibley Plaza	246	\$330	\$352
Winter Park, FL	Meadows/Tranquil Terrace	171	\$244	\$298

## COMMONWEALTH BOSTON HOUSING AUTHORITY

### Property Overview

The Commonwealth Development is a 392-unit property owned by the Boston Housing Authority (BHA) and located on 14 acres. Commonwealth was built in the mid-1940s and was renovated in the early 1980s, consisting of eight six-story elevator buildings and six townhouse buildings. While the property is primarily for families, there are 116 units specifically for the elderly and disabled. A recent survey found that 25% of the residents in the elderly/disabled units are disabled. There is an average of 2.1 bedrooms per units. The site also contains a day care center and a large separate community building that holds the office, an active community center and the maintenance shop.

Commonwealth is located near the intersection of Washington Street and Commonwealth Avenues, two major arteries in Boston's Brighton neighborhood. An active business district, with many stores and services, is located within walking distance, including a supermarket and a bank. Health care is available nearby at Beth Israel Health Center. Commonwealth is easily reached by public transportation. An MBTA bus stops at the front of the apartments and the Green Line subway system is two blocks away. Special senior transportation is provided to and from the local supermarket.

The neighborhood is quite stable and contains a mix of private and assisted multi-family buildings with both apartments and condominiums as well as some single family homes. Market rents in the area vary from \$1200 to \$1400 for one-bedroom, \$1600 to \$1800 for two bedroom, \$1800 to \$2200 for three-bedroom and \$2300 for four-bedroom apartments. Apartment rentals are popular with professionals and college students (it is convenient to both Boston College and Boston University) and the neighborhood is generally considered safe.

Commonwealth itself experiences minor crime problems. Recently, youth loitering and youth carrying weapons has increased, a situation that has raised concerns throughout Boston's neighborhoods after several years of relative quiet. There are rumors of drug activity, but little is obvious and there have been no arrests. In fact, the manager noted that the incidents of vandalism (stolen car batteries, for example) are somewhat higher at some of their market rate properties.

Commonwealth has been under continuous management by Corcoran Management, a private management firm, since 1981. Corcoran worked closely with BHA through the renovations and has continued a mutually beneficial relationship with the housing authority ever since.

**Table J.2: Property Characteristics**

<b>Location:</b> Brighton neighborhood		<b>Occupancy:</b> Family/Elderly/Disabled				<b>Year built:</b> 1945 and modernization completed in mid 1980s		
<b>Acreage:</b> 14 acres		<b>Census Tract Poverty:</b> 20 to 30%						
<b>Address:</b> 35 Fidelis Way, Brighton, MA 02135								
<b>Building Type:</b> Midrise and TH		<b>Average Bedrooms per unit:</b> 2.08						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units		140	123	92	32	0	5	392
Average Square Feet		650- 700	700 – 800	850 - 950	1000	N/A	1200	N/A

**Figures J.1, J.2: Commonwealth**



## Management Responsibilities

The private manager is responsible for essentially all on-site management duties with the exception of occupancy administration (application processing, tenant screening, and wait list maintenance), tenant grievances, and overseeing a roving security person whose presence at the property is minimal. The operating budget for the property does not include funding for social/resident services although various services are provided by vendors who have contracts with the BHA.

The property utilizes Corcoran's property management accounting system and is not connected to the BHA's main system. Corcoran provides regular monthly financial reports customized to match the BHA's operating accounts indicating performance against budget as well as the status of accounts receivable (rent collections outstanding) and accounts payable. In addition, Corcoran tracks work orders on its own system as well.

Corcoran is also responsible for submitting to the BHA a certified audit at the end of each fiscal year and a budget prior to the start of the next fiscal year. The firm is responsible for all direct costs, except utilities, PILOT<sup>1</sup>, property and liability insurance, application processing, tenant selection and wait list maintenance, which are funded directly by the BHA. BHA does not provide Corcoran with any utility monitoring information. Corcoran must follow BHA's public procurement policy for all contracts over \$10,000. Corcoran has the option of purchasing routine supplies and appliances through the BHA's central stores.

Corcoran is responsible for all staffing at the properties (hiring, firing, disciplining, setting salary and benefits). The BHA has the right to review Corcoran's choice of manager for the property. Corcoran also has a long-standing agreement with the Boston Police Department who provide 32 hours of manned weekly police presence at the property at no charge to either Commonwealth or the BHA. This service is considered very valuable.

Corcoran is also responsible for all unit and building inspections although the BHA does conduct an annual assessment of the property as well.

## Staffing

Commonwealth has a total site staff of 10 that are shared 20% with a nearby site. The administrative staff consists of four, including a property manager, assistant manager, recertification specialist and a clerk. The maintenance staff includes a maintenance superintendent, two technicians, and three custodial/grounds personnel.

This site is somewhat understaffed given its age. Capital needs replacements of the renovation work performed nearly 20 years ago have begun. The 20-year roof is being replaced. A major project of brick repointing and parapet repair is underway to address longstanding leak problems. While this is contracted work, the coordination that is required places additional burdens on a staff that is dealing with an increasingly aging (again) property.

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<sup>1</sup> Payment in Lieu of Taxes

**Table J.3: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>	<b>FTE Allocations</b>
<b>Administrative</b>		
Manager	1	.80
Assistant Manager	1	.80
Recertification Specialist	1	.80
Clerk	1	.80
<b>Maintenance</b>		
Supervisor	1	.80
Technicians	2	1.60
Custodial/Grounds	3	2.40
<b>Totals</b>	<b>10</b>	<b>8.00</b>

### **Operating Expenses, Exclusive of PILOT and Utilities**

The direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$268 PUM, as shown in Table G.3. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$205 PUM in 2002 plus the following \$63 PUM in expenses incurred by the agency but not reported in the property's financial statements:

**Property Insurance.** The agency pays the property insurance for all its properties. The BHA experienced a \$23 PUM cost in FY02, reflecting rising insurance costs nationwide.

**Tenant Selection and Central Waiting List.** The agency maintains a central waiting list, where all applicants are screened and assigned. The cost of the Occupancy Office is estimated at \$10 PUM for salaries and benefits only.

**Trash Removal.** Trash removal is provided by the City of Boston and is not charged to either the BHA or to Commonwealth. Commonwealth must maintain its dumpsters (rent or purchase) and that expense is carried in its maintenance budget. While no additional expense for trash carried by the BHA for Commonwealth, GSD imputed \$10 PUM for this service.

**Tenant Services.** The BHA maintains a small Tenant Services department to oversee its tenant services contracts and to coordinate the activities provided by outside agencies at BHA properties. This oversight is estimated at \$1 PUM.

**Contract Security and Public Safety:** The BHA maintains a Public Safety Division whose budget for 2002 was \$50 PUM for the entire agency. However, Commonwealth, as noted above, does not receive anything but a very modest contribution of an unscheduled roving officer from the BHA (estimated value: \$1 PUM). Rather, Commonwealth benefits from a 32 hour per week Boston Police officer at the property. The value of this desirable security presence is \$18 PUM and is considered adequate by both Corcoran and the BHA. It is carried here to reflect a cost Commonwealth would incur if this "free" service needed to be replaced.

The BHA has held Commonwealth's budget at \$160 PUM for several years (excluding the above agency-incurred costs) and recently the actual expenses have run closer to \$200 PUM. Corcoran recently estimated it would cost \$257 PUM to adequately operate Commonwealth in the areas for which they are responsible. BHA regional operations staff agree with Corcoran's assessment. Currently, systems and building envelope issues are routinely addressed. However, units have not received the same level of attention. The renovations of the mid '80s are nearing their 20<sup>th</sup> anniversary and the units show the effects of deferred maintenance in flooring, cabinetry, appliances, windows, the absence of cycle painting and the like.

### Adequacy of Model Estimate

Presently, with expenditures of \$268 PUM by a combination of Corcoran and the BHA, the property is estimated by Corcoran and BHA staff to still be under-funded by approximately \$52 PUM. This “adjusted amount,” \$320 PUM, compares with the model-predicted amount of \$371<sup>2</sup> PUM ('02), indicating that the model produces an estimate that is more than adequate for well-run public housing.

**Table J.4: Commonwealth Operating Actuals – Fiscal Year Ending 3/31/02**

	PUM	Annual
<b>Administrative</b>		
Salaries	\$28	\$129,614
Sundry	\$21	\$97,647
Central Waiting List*	\$10	\$47,040
Management Fee	\$25	\$117,600
Subtotal	\$83	\$391,901
<b>Tenant Services</b>		
Central Oversight*	\$1	\$4,704
Contracts	\$0	\$0
Total	\$1	\$4,704
<b>Maintenance</b>		
Salaries/Site	\$33	\$157,442
Materials	\$27	\$125,241
Trash Removal	\$10	\$47,040
Contracts	\$53	\$251,477
Subtotal	\$124	\$581,200
<b>Protective Services</b>		
Public Safety**	\$18	\$84,672
Central Oversight*	\$1	\$4,704
Subtotal	\$19	\$89,376
<b>General</b>		
Insurance*	\$23	\$108,192
Employee Benefits	\$13	61,762
Subtotal	\$36	\$169,344
Total Routine Expenses	\$263	\$1,236,525
Non-routine Expenses	\$5	\$21,775
<b>Total Operating Expenses</b>	<b>\$268</b>	<b>\$1,258,300</b>

Note: Items marked with an asterisk (\*) indicate direct costs either incurred or paid directly by the BHA and not included in the property’s financial statements. The item marked with a double asterisk (\*\*) – Security and Trash Collection – reflect the “imputed” value of the free service provided by the City of Boston.

<sup>2</sup> Commonwealth has three project accounts and this PUM is the weighted average of the PUM estimates of these four accounts.

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## GWEN CHERRY MIAMI DADE HOUSING AGENCY

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### Property Overview

Gwen Cherry is a 297-unit property owned by the Miami Dade Housing Agency (MDHA) that serves families (Figures J.3, J.4). The property consists of eight separate sites with a mix of two story garden style units and scattered site single and duplex units. Site densities ranges from 6 to 27 units per acre. There are a total of 18 one-bedroom apartments, 44 two-bedroom units, 187 three-bedroom apartments, 38 four-bedroom units, and 10 five-bedroom apartments (Table J.5). The property was built in 1978 and 169 of the 297 units were rehabilitated in 1995. An additional 28 units are currently receiving a capital upgrade, which includes new roofs and windows. Overall, the properties appear in reasonably good physical condition, with the exception of the need for new exterior painting and parking lot sealing and striping.

The majority of the Gwen Cherry sites are located in a two mile radius of the property's office within an urban area of the City of Miami. The surrounding area includes a mix of residential, industrial and commercial activity. The industrial activity in the area is primarily related to food distribution and the neighborhood is relatively safe during the daytime hours with most criminal activity taking place at night although the presence of a police substation in one of the larger sites within the development has had a positive impact on mitigating crime in the evening hours.

In the mid 1990s, MDHA placed several of its public housing properties under private management. The current management company for Gwen Cherry, Dominion, has operated the property since 1994.

**Figures J.3, J.4: Gwen Cherry Apartments**





**Table J.5: Property Characteristics**

<b>Location:</b> Central City		<b>Occupancy:</b> Family				<b>Year built:</b> 1978		
<b>Units per acre:</b> 11.21		<b>Census Tract Poverty:</b> 20 to 30%						
<b>Office Address:</b> 2099 NW 23 <sup>rd</sup> Street, Miami FL 33142								
<b>Building Type:</b> Mixed		<b>Average Bedrooms per unit:</b> 2.93						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units		18	44	187	38	10		297
Average Square Feet (approx.)		680	793	1002	1209	1417		

### Management Responsibilities

The management company is responsible for essentially all on-site management duties, with the exception of tenant grievance appeals, wait list maintenance/occupancy (an agency run occupancy department assigns files to the property), and unit inspections, which are handled centrally by MDHA. Additionally, while the property uses its own computer system for most functions, it updates the annual tenant recertifications directly into MDHA's computer system.

The property has no budget for security. The property does have a resident service worker on salary whose primary role is to tie residents into the broader social service network in Miami, and administers a budget of about \$4.00 PUM allocated for resident services.

As noted above, the property utilizes its own computerized property management system (with the exception of recertifications) and is not connected to the agency's main system that tracks work orders, rent collections, vacancies, etc. Rather, the management company provides the agency with a monthly customized report of key performance indicators, as specified by MDHA.



The management company is required to provide the agency with monthly financial statements and a year-end financial audit. The firm is responsible for all direct costs and is charged back a proportion of a number of centralized costs of the agency including MIS and the costs of operating the occupancy department. Gwen Cherry is not charged for the inspection services or for general administrative overhead costs of the agency.

### Staffing

Dominium employs a manager, two administrative assistants, and a social service director on-site for Gwen Cherry. They also employ one Maintenance Supervisor, six maintenance technicians, and one housekeeper. All work full time at the development and use their own vehicles to travel from site to site in the multi-site development. Benefits for staff primarily include health coverage and a 401(k) program.

**Table J.6: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>	<b>FTE Allocation</b>
<b>Administrative</b>		
Manager	1	1.00
Administrative Assistant	2	2.00
Social Service Worker	1	1.00
<b>Maintenance</b>		
Supervisor	1	1.00
Technicians	6	6.00
Housekeeper	1	1.00
<b>Totals/Average</b>	<b>12</b>	<b>12.00</b>

### Operating Expenses, Exclusive of Utilities

The direct operating costs of the property, exclusive of utilities were \$280 PUM in Fiscal Year 00-01, as shown in Table J.7. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$247 PUM plus the following expense incurred by the agency but not reported in the property's financial statements. All other centralized costs are charged back to the property.

Quality Assurance Inspections. The agency pays for inspections of units for a total cost of \$2.97 per unit month.

Security. The agency has a special relationship with the County's Police Department for special roving patrols and community policing at various family properties. GSD estimated an imputed value of this service at \$20 PUM.

According to the site manager, the budget is just about sufficient to cover the routine and non-routine needs of the property, although the property clearly requires some capital improvements such as painting, landscaping and parking lot repairs. Resident maintained landscaping in the scattered site units is another key area of shortfall. Although the property was close to 100 percent occupied just two to three years ago, the property has a serious vacancy problem due to much higher than normal turnover due to a consent decree entered into by the County regarding an allocation of Section 8 certificates to public housing residents and broader problems related to receiving files from the Occupancy and Leasing Office which charged the property over \$28,000 for its services in Fiscal Year 00-01.

### Adequacy of Model Estimate

Presently, with expenditures of \$270 PUM by a combination of Dominion and the MDHA, the model-predicted amount of \$378 PUM ('01)<sup>3</sup> appears more than adequate to provide well-run public housing.

**Table J.7: Gwen Cherry Operating Expenses – Fiscal Year Ending 9/30/01**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$30	\$107,828
Central Leasing Chargeback	\$8	\$28,828
MIS Chargeback	\$3	\$11,405
Sundry	\$17	\$59,359
Management Fee	\$25	\$89,100
Subtotal	\$83	\$295,919
<b>Tenant Services</b>		
Labor	\$4	\$12,708
Subtotal	\$4	\$12,708
<b>Maintenance</b>		
Salaries/Site	\$44	\$158,566
Materials	\$24	\$86,578
Contracts	\$47	\$168,326
Subtotal	\$116	\$413,470
<b>Protective Services</b>		
Contract*	\$20	\$71,280
Subtotal	\$20	\$71,280
<b>General</b>		
Insurance	\$17	\$60,537
Employee Benefits	\$19	\$66,621
PILOT	\$7	\$23,430
Bad Debt	\$2	\$6,007
Subtotal	\$44	\$156,595
Total Routine Expenses	\$267	\$949,972
Non-routine Expenses		
Total Management Firm Expenses	\$267	\$949,972
Estimated MDHA Costs		
Quality Control Inspections	\$3	\$10,585
Total MDHA Expenses	\$3	\$10,585
<b>Total Operating Expenses</b>	<b>\$270</b>	<b>\$960,557</b>

\* Reflects imputed amount for police services currently provided throughout agency to family properties.

<sup>3</sup> Gwen Cherry consists of several different projects; the amount shown reflects the estimated unit-weighted average for these properties.

## SCATTERED SITES HOUSING AUTHORITY OF BALTIMORE CITY

### Property Overview

The Housing Authority of Baltimore City (HABC) has approximately 2,700 scattered site housing units – also known as the “Rehabilitation Housing Program.” These units were mostly acquired in the 1960s and 1970s. They consist primarily of individual row-houses. The agency’s history with this program has not been a generally positive one. Many believe that when the properties were originally acquired the agency did not adequately rehabilitate them. Day-to-day management has also been a challenge for the agency. Presently, about one-third of the inventory is vacant and the agency anticipates that about an equal number may eventually need to be disposed of or demolished.

In the late 1990s, in response to long-standing management concerns, the agency invited proposals from private management companies to manage a portion of the scattered site program. A contract was awarded to Cahela, Inc., a firm that specializes in the management of inner-city, scattered site properties in Baltimore. Cahela also manages about 160 other units for the HABC, primarily newer, small properties.

A total of 360 units are assigned to Cahela, referred to as Cluster I (185 units) and Cluster II (175 units). When Cahela was first awarded this contract, there were a number vacant units in such poor physical condition that it was not possible to “ready” them with routine operating funds. Over the past several years, many of these high-need units have been taken back by the agency and, essentially, swapped with units in better physical condition.

The scattered site inventory consists mostly of large-bedroom units. The clusters assigned to Cahela have an average of 2.8 bedrooms per unit.

The two clusters assigned to Cahela are located in the western area of the city, characterized by extensive poverty and property abandonment, and covering a geographic area of approximately 3 to 4 square miles in size.

**Table J.8: Property Characteristics**

<b>Location:</b> Central City		<b>Occupancy:</b> Family			<b>Year built:</b> Various (over 30 years)			
		<b>Census Tract Poverty:</b> over 40%						
<b>Address:</b> Various								
<b>Building Type:</b> row house		<b>Average Bedrooms per unit:</b> 2.8						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units	2	66	84	99	68	35	6	360

**Figure J.5, J.6: Scattered Sites**



## Management Responsibilities

The private manager is responsible for essentially all on-site management duties, with the exception of tenant grievances and administration of the waiting list, both of which are handled centrally by HABC. The operating budget for the property also does not contain funding for social/resident services. Residents of Scattered Sites have access to a range of services available to other HABC residents that are not accounted for in the property budgets.

The property utilizes its own computerized property management system and is not connected to the agency's main system that tracks work orders, rent collections, vacancies, etc. Rather, the management company provides the agency with a monthly customized report of key performance indicators, as specified by HABC.

The management company is required to provide the agency with monthly financial statements and a year-end financial audit. The firm is responsible for all direct costs, except utilities, PILOT<sup>4</sup>, property and liability insurance and administration of the waiting list, which is handled centrally by the agency.

Out of the operating funds that the management company receives, it employs the equivalent of one full-time resident services position to help organize and provide activities for residents. It also offers various incentive programs, including awards for good school attendance.

## Staffing

Cahela has developed a special organizational model for the management of its scattered site housing. All work orders, rent payments, annual re-examinations, and general management issues are handled through a central administrative office. Residents call this office to place a work order, where it is then dispatched to appropriate crews (discussed below). Residents also pay or mail their rent to this central management location and come to this office for their annual reexamination of income.

The management company employs a number of skilled and semi-skilled maintenance staff that are dispatched to each unit in accordance with work orders and preventive maintenance schedules. The firm maintains a posted hourly fee for each maintenance employee and those hours are directly charged to each property based on actual usage. The hourly charge is all-inclusive in that it covers salary, fringe, and overhead.

## Operating Expenses, Exclusive of PILOT and Utilities

For FY 02, the non-routine direct costs to operate the property, exclusive of PILOT and utilities, are estimated at \$329 PUM, as shown in Table J.9. This figure is based on actual expenditures of \$310.60. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$337.38 PUM plus the following expenses incurred by the agency but not reported in the property's financial statements:

**Property Insurance.** The agency pays for property and liability insurance and does not charge back the property for this cost. Agency-wide, these costs are estimated at \$11.40 PUM, based on the agency's 2003 Operating Budget.

**Central Waiting List.** The agency maintains a central waiting list, where all applicants are screened and assigned. The cost of this office is estimated at \$7 PUM.

It should be noted that the '02 actual expenditures included more than about \$200,000 in items of a capital nature, especially in the area of carpentry, roofing, and masonry. For FY 03, the agency has provided the

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<sup>4</sup> Payment in Lieu of Taxes.

property with a “direct” allocation of \$276 PUM, which, with property insurance and charge back for the central waiting list, would amount to around \$294 PUM.

According to representatives of the management company, the funding assigned to manage the scattered site properties for '03 is adequate for routine costs. It would not, however, generally provide for any extensive capital expenditures – for example, the replacement of a roof or the need to “gut” a fire-damaged unit. These larger capital expenditures would be funded through the capital budget (or the replacement reserve account in federally subsidized housing).

**Comment**

Discussions with the management company suggest that there are a number of trade-offs in managing scattered site housing in terms of costs. On the one hand, because it is more time consuming to travel to each unit, maintenance and management staff spend more time in their vehicles. The units are also larger and hence there is more space to maintain (although the cost model accounts for bedroom size). On the other hand, the turnover is much lower (the units are more desirable), there is less need for security, and it is possible to use the scattered site units as an incentive for existing HABC residents who want to transfer and who have demonstrated records of lease-compliance. The management company also believes that it uses its “network of people in the streets” to identify residents who are being disruptive. Moreover, with row-house type structures, the resident is responsible for their own yard (hence, there are no landscaping contracts) or need for janitorial staff.

**Adequacy of Model Estimate**

Presently, with non routine expenditures on the order of \$300 to \$330 PUM, the model-predicted amount \$345 PUM ('02) appears to be adequate to maintain well-run public housing.

**Table J.9: Scattered Sites Operating Budget – Fiscal Year Ending 6/30/02**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$80.12	\$346,116
Sundry	\$41.19	\$177,925
Central Waiting List*	\$7.00	\$152,460
Management Fee	\$35.29	\$30,240
Subtotal	\$163.60	\$706,741
<b>Tenant Services</b>		
Labor	\$6.94	\$30,000
Materials	\$0.69	\$2,976
Contracts	\$0.97	\$4,200
Subtotal	\$8.61	\$37,176
<b>Maintenance</b>		
Salaries/Site	\$59.62	\$257,566
Materials/Contracts	\$57.58	\$248,751
Subtotal	\$117.20	\$506,307
<b>Protective Services</b>		
Contract	\$0.00	\$0
Subtotal	\$0.00	\$0
<b>General</b>		
Insurance – property paid	\$5.50	\$23,759
Insurance – agency paid*	\$11.40	\$49,248
Employee Benefits**	\$13.89	\$60,007
PILOT		
Bad Debt	\$7.68	\$33,180
Subtotal	\$38.47	\$166,194
<b>Total Routine Expenses</b>	<b>\$327.88</b>	<b>\$1,416,418</b>
Non-routine Expenses	\$46.30	\$200,000
<b>Total Operating Expenses</b>	<b>\$374.18</b>	<b>\$1,616,418</b>

\* Indicates direct costs either incurred or paid directly by HABC and not included in the property's financial statements.

\*\* The management company charges a flat hourly fee for maintenance that includes benefits and, hence, the benefits line does not reflect total benefit costs.



## HOLLY HILLS MT. HOLLY, NC HOUSING AUTHORITY

### Property Overview

Holly Hills is a 46-unit property owned by the Mt. Holly, NC, Housing Authority (MHHA) that serves family households. The property is of garden-style design, with approximately 10-12 units per building. Each unit has its own entrance that fronts the sidewalk and curbside parking. It was built around 1985 and has an average of 2.6 bedrooms per unit (Table J.10).

Holly Hills is the only public housing property owned by the City. The agency also owns a 28-unit Rural Development property, which is also privately managed (by the same management company).

The property is in good physical condition. Its design and layout is typical of a conventional apartment complex.

Mt. Holly is a town of approximately 10,000 residents, located about 10 miles south of Charlotte, NC. The neighborhood is a traditional suburban feel to it, within a low-poverty census tract.

Holly Hills has been under private management since the late 1990s. It is managed by Priority One Management, which manages some 1,000 units in the southern regions of North Carolina. Priority One also manages another 50-unit public housing property for the Madison, NC, Housing Authority.

**Table J.10: Property Characteristics**

<b>Location:</b>		<b>Occupancy:</b> family				<b>Age:</b> 15 years		
<b>Census Tract Poverty:</b> between 20% and 30%								
<b>Address:</b>								
<b>Building Type:</b> Garden		<b>Average Bedrooms per unit:</b> 2.42						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units			20	26				46

### Management Responsibilities

Unlike some other examples of private management of public housing, where an agency may retain certain functions (waiting list, tenant grievances, etc.), here the private manager is responsible for essentially all on-site management duties. It procures all materials and services, prepares the annual budget and capital plan, manages the waiting list, handles all PHAS reporting, etc. It also is responsible for the Annual Plan.

The management company utilizes its own computerized property management system for all internal and HUD reporting, including 50058s and REAC submissions. The management company provides the agency with a monthly customized report of key performance indicators, as specified by PHA.

### Staffing

Priority One employs an on-site manager and maintenance superintendent, who both work 32-hours a week.

**Table J.11: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>
<b>Administrative</b>	
Manager (32 hours)	1.00
<b>Maintenance</b>	
Superintendent (32 hours)	1.00
Totals	2.00

**Operating Expenses, Exclusive of PILOT and Utilities**

In the current year, the direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$183 per unit monthly (PUM), as shown in Table J.12. This amount does not include any agency overhead or contract monitoring costs. However, in recent years, the property has operated at around \$210 to \$220 PUM, including various non-routine expenditures. As such, GSD has assigned or imputed an additional \$37 PUM to the current operating budget to reflect more typical spending, for a total of \$220 PUM.

**Comment**

Holly Hills was observed to be an extremely well-managed property.

**Adequacy of Model Estimate**

Based on estimated expenditures of around \$220 PUM, the model-predicted amount \$285 PUM ('02) appears more than adequate to maintain well-run public housing.

**Table J.12: FY 03 Mt. Holly Operating Budget**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$29.67	\$16,378
Sundry	\$11.33	\$6,254
Management Fee	\$29.00	\$16,008
Subtotal	\$70.00	\$38,640
<b>Tenant Services</b>		
Recreation, Publication	\$1.52	\$839
Subtotal	\$1.52	\$839
<b>Maintenance</b>		
Salaries/Site	\$47.82	\$26,397
Materials	\$10.87	\$6,000
Contracts	\$25.35	\$13,993
Subtotal	\$84.04	\$46,390
<b>Protective Services</b>		
Contract	\$0.00	\$0
Subtotal	\$0.00	\$0
<b>General</b>		
Insurance	\$12.22	\$6,745
Employee Benefits	\$14.46	\$7,982
Bad Debt	\$1.09	\$602
Subtotal	\$27.77	\$15,329
Total Routine Expenses	\$183.00	\$101,198
Non-routine Expenses	\$0.00	
<b>Total Operating Expenses</b>	<b>\$183.00</b>	<b>\$101,198</b>
<b>Additional Imputed Costs</b>	<b>\$37</b>	<b>\$20,424</b>
<b>Total Adjusted Costs</b>	<b>\$220</b>	<b>\$121,622</b>

## SCATTERED SITES

### HOUSING AUTHORITY OF KANSAS CITY, MISSOURI

#### Property Overview

The Housing Authority of Kansas City, Missouri (HAKC) has an ambitious and unique scattered site housing program. It is a combination of recently-renovated single-family homes, duplexes and town homes ranging in age from twenty to ninety years that have been in HAKC's inventory for years, as well as newly built or recently acquired housing in nearly new condition (Figures J.7-J.12). Today, 44 two-bedroom, 217 three-bedroom and 19 four-bedroom single-family homes, duplexes and town homes scattered throughout the north, southeast and central parts of Kansas City are occupied (Table J.13). These 280 units will be increased to nearly 450 units as recently purchased properties are developed and completed for occupancy.

HAKC was placed in Court Receivership in 1994 at a time when the agency's housing stock was largely distressed and obsolete, the vacancy rate was 43%, there were large backlogs of uncompleted maintenance work, and criminal activity was described as "rampant." HAKC has focused intensively on rebuilding its distressed communities. Soon, HAKC will finish construction on the 1,000<sup>th</sup> unit either built or rehabbed since the Receivership began. This effort has included placing approximately 40% of HAKC's portfolio under private management.

The scattered site portfolio consisted of 173 units prior to Receivership and was placed in private management soon thereafter. The scattered site inventory was divided into three portfolios (north, southeast and central) and managed by different private management companies. In late 2001, the three scattered site portfolios were put out to bid. Universal Management of Kansas City, Missouri now manages the central (104 units) and southeast (70 units) portfolios and JTHD, Inc. of Overland Park, Kansas manages the northern (106 units) portfolio.

The scattered site portfolio is highly desirable and turnover is low. Selection criteria includes 24 months of consecutive employment for a household member. Residents are responsible for the maintenance of their yards and the results are variable.

**Table J.13: Property Characteristics**

<b>Location:</b> Scattered throughout 3 counties, 8 school districts of Kansas City, MO	<b>Occupancy:</b> Family				<b>Years built:</b> 1910 to present with modernization completed in 2001			
<b>Acreage:</b> n/a					<b>Census Tract Poverty:</b> Various, mostly < 20%			
<b>Address:</b> multiple								
<b>Building Type:</b> Single-family, duplexes and townhomes		<b>Average Bedrooms per unit: 2.88</b>						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units: Central			21	74	9			104
Number of Units: Southeast			16	49	5			70
Number of Units: North			7	94	5			106
<b>Total Units</b>			<b>44</b>	<b>217</b>	<b>19</b>			<b>280</b>
Average Square Feet			N/A	N/A	N/A			N/A

**Figure J.7, J.8: Scattered Sites: Central**

**Single Family Home: 3 BR, 1.5 bath, 1 car garage, deck**



**Single Family Home: 3 BR, 1.5 bath, 1 car garage**





**Figures J.9, J.10: Scattered Sites: Southeast**

**Single Family Home: 3 BR, 1.5 bath, 1 car garage**



**Single Family Home: 3 BR, 1.5 bath, 1 car garage**



**Figures J.11, J.12: Scattered Sites: North**

**Single Family Home: 4 BR, 2 bath, 2-car garage, deck, fenced yard**



**Single Family Home: 3 BR, close to lake, 2 bath, 2-car garage, deck**





### Responsibilities of Private Managers

The private managers are responsible for routine rent collection, lease enforcement, personnel, Section 3, an annual audit (this will be a new requirement), preventive maintenance (although HAKC does capital improvements), non-routine maintenance, project based budgeting, accounts payable, annual tenant recertification, inventory control, the annual management plan, the annual review of maintenance systems, turnover preparation, fire safety and emergency preparedness. Additionally, while the management companies are responsible for annual inspections, the agency conducts “quality control” inspections on 8% -14% of all units annually and routinely inspects common areas and grounds as well. Finally, residents call work orders into HAKC which enters the request into its central system, which is then printed at each site. The private manager is responsible for closing out a work order using HAKC’s system once it is complete.

The agency retains the function of application intake and assignment, tenant grievances, tenant services, PHAS reporting to HUD, and utility monitoring. None of the costs of these activities are included in the private managers’ operating budgets and are handled centrally by HAKC.

The curb appeal of HAKC and privately managed properties are both good to very good, although the privately managed “campus” properties had a somewhat higher standard of curb appeal. Residents of privately managed scattered sites are required to maintain their own yards and their performance quality is variable.

### Staffing

Universal and JTHD employ the same number of staff per portfolio, but their allocations are different: JTHD has one more administrative and one less maintenance person than Universal. However, Universal reported needing an assistant manager for the central portfolio. This is due in large part to the age of the properties in the portfolios. The central portfolio has the oldest and smallest properties in the least desirable neighborhoods while those in the north are among HAKC’s newest and largest and in the city’s most desirable neighborhoods. Their regional supervisors are allocated comparably.

**Table J.14: Staffing Summary by Portfolio**

<b>Management Co Portfolio Number of Units</b>	<b>Universal Central 104 Number of Positions</b>	<b>Universal Central 104 FTE Allocation</b>	<b>Universal Southeast 70 Number of Positions</b>	<b>Universal Southeast 70 FTE Allocation</b>	<b>JTHD North 106 Number of Positions</b>	<b>JTHD North 106 FTE Allocation</b>
<b>Administrative</b>						
Manager	1	1	1	1	1	1
Assistant Mgr					1	1
<b>Maintenance</b>						
Supervisor						
Technicians	3	3	3	3	2	2
Supervisory						
Area Supervisor	1	.46	1	.54	1	.5
<b>Totals</b>	<b>5</b>	<b>4.46</b>	<b>5</b>	<b>4.54</b>	<b>5</b>	<b>4.5</b>

<b>Scattered Site Staffing:</b>		
<b>TOTAL</b>		
<b>Number of Units</b>	<b>280</b>	<b>280</b>
	<b>Number of</b>	
	<b>Positions</b>	<b>FTE Allocation</b>
<b>Administrative</b>		
Manager	3	3
Assistant Manager	1	1
<b>Maintenance</b>		
Supervisor		
Technicians	8	8
<b>Supervisory</b>		
Area Supervisor	2	1.5
<b>Totals</b>	<b>14</b>	<b>13.5</b>

### Operating Expenses, Exclusive of PILOT and Utilities

The direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$308 PUM, as shown in Table J.15. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$286 PUM in 2001 plus the following \$22 PUM of expenses incurred by the agency but not reported in the property's financial statements:

**Property Insurance.** The agency pays the property insurance bill although the private managers recorded \$14 PUM in its 2001 expenses. Property and insurance liability costs have recently increased dramatically to \$21 PUM at HAKC, an occurrence that is repeating itself nationwide. Therefore, another \$7 PUM is added to more realistically indicate the insurance costs.

**Tenant Selection and Central Waiting List.** The agency maintains a central waiting list, where all applicants are screened and assigned. The cost of this office is estimated at \$10 PUM.

**Contract Security and Public Safety:** HAKC maintains a Public Safety Department that includes a Director and 4 inspectors. Its budget for 2002 is \$445,571. Private and HAKC managers may call the Public Safety Department for assistance with particular problems at their sites. The Public Safety Department's budget also includes a contract with the Kansas City Police Department (\$270,000 in 2001 and \$180,000 in 2002) for roving patrols at all of its properties except those in the scattered sites portfolios. The private managers contact HAKC for response when there are particular issues and concerns. The cooperation among the HAKC Public Safety department, the private managers and the police is considered good. Agency-wide, these security costs average \$15 PUM; however, since the scattered sites do not have not have assigned security details, and since their "demand" for police services is less than at the traditional complexes, GSD imputed a value of \$5 PUM for security services at the scattered sites.

According to the Regional Supervisors for both JTHD and Universal, the operating budgets for 2002 are tight (on average, they are \$24 PUM LESS than the 2001 actuals described in Table G.14), but HAKC's Director of Housing Operations funds documented needs as they occur. It is important to note that these managers are new and the 2001 actuals were produced by the companies that HAKC replaced because of dissatisfaction.

### Adequacy of Model Estimate

With expenditures estimated at around \$308 PUM, the model estimate \$327 PUM ('01)<sup>5</sup> appears to be more than adequate to maintain well-run scattered site housing in Kansas City.

**Table J.15: Scattered Site Operating Expenditures – Fiscal Year Ending 12/31/01**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$46	\$144,356
Sundry	\$27	\$85,704
Management Fee	\$21	\$66,116
Subtotal	\$95	\$296,176
<b>Tenant Services</b>		
Other	\$0	\$400
Contracts	\$1	\$3,390
Subtotal	\$1	\$3790
<b>Maintenance</b>		
Salaries/Site	\$39	\$122,506
Materials	\$22	\$67,115
Contracts	\$77	\$239,865
Subtotal	\$138	\$429,486
<b>Protective Services</b>		
Contract	\$0	\$0
Subtotal	\$0	\$0
<b>General</b>		
Insurance	\$14	\$44,904
Employee Benefits	\$7	\$21,982
PILOT	\$0	\$0
Bad Debt	\$0	(\$150)
Drug Screening	\$0	\$0
Subtotal	\$21	\$66,736
Total Routine Expenses	\$255	\$796,188
Non-routine Expenses	\$30	\$94,695
<b>Total Management Firm Expenses</b>	<b>\$286</b>	<b>\$890,883</b>
<b>Estimated HAKC Costs</b>		
Additional property insurance	\$7	\$21,840
Administration of Central Waiting List	\$10	\$31,200
Contract Security	\$0	
Public Safety Oversight	\$5	\$15,600
Total HAKC Expenses	\$22	\$68,640
<b>Total Operating Expenses</b>	<b>\$308</b>	<b>\$959,523</b>

<sup>5</sup> HAKC Scattered Sites consists of several different projects; the amount shown reflects the estimated unit-weighted average for these properties.

## KOTTINGER PLACE PLEASANTON, CA HOUSING AUTHORITY

### Property Overview

Kottinger Place is a 50-unit property owned by the Pleasanton, CA, Housing Authority (PHA) that serves primarily elderly households. The property consists of 15 single-story cottages, with two to three units per cottage. It was built around 1973 and has an average of 0.42 bedrooms per units (a mix of 0- and 1-bedrooms), as shown in Table J.16.

Kottinger Place is the only public housing property owned by the City. The agency does not receive any operating subsidy but operates solely based on rents and miscellaneous income.

The property is in good physical condition. Its design and layout is typical of traditional rental housing in the area.

Pleasanton is located within Alameda County, in the eastern area of San Francisco Bay. The neighborhood has a traditional suburban feel to it, within a low-poverty census tract.

Kottinger Place has been under private management since the late 1990s. It is managed by Barcelon Management, which manages some 3,000 to 4,000 units in the Bay area, most of which is federally-assisted housing.

**Table J.16: Property Characteristics**

<b>Location:</b>	<b>Occupancy:</b> elderly	<b>Year built:</b> approx. 1973
<b>Acreage:</b> 1-2		<b>Census Tract Poverty:</b> less than 20%
<b>Address:</b> 240 Kottinger Place, Pleasanton, CA 94566		
<b>Building Type:</b>	<b>Average Bedrooms per unit:</b> 1.0	

### Management Responsibilities

Unlike some other examples of private management of public housing, where an agency may retain certain functions (waiting list, tenant grievances, etc.), here the private manager is responsible for essentially all on-site management duties. It procures all materials and services, prepares the annual budget and capital plan, manages the waiting list, handles all PHAS reporting, etc. Of the few functions that the City retains is the actual LOCCS draw-down under the Capital Fund and the preparation of the Annual Plan.

The management company utilizes its own computerized property management system for all internal and HUD reporting, including 50058s and REAC submissions. The management provides the agency with a monthly customized report of key performance indicators, as specified by PHA.

### Staffing

Barcelon Management employs a full-time manager and a part-time maintenance technician, who works three hours a day. Additionally, the property utilizes a resident volunteer for miscellaneous tasks.

**Table J.17: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>
<b>Administrative</b>	
Manager	1.00
<b>Maintenance</b>	
Technician (3 hours/day)	0.38
<b>Totals</b>	<b>1.38</b>

**Operating Expenses, Exclusive of PILOT and Utilities**

The direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$197 per unit monthly (PUM), as shown in Table J.18. This amount does not include any agency overhead or contract monitoring costs. It represents direct actual spending of \$177 PUM plus an imputed \$20 PUM for agency-paid insurance.

These amounts do not include a part-time social service coordinator (seven hours a week), which is funded through a grant from the City. The management company would like to expand the availability of this service coordinator position, funding permitting.

**Comment**

Kottinger Place was observed to be an extremely well-managed property. However, according to the management company, current funding levels are “slim.” As a consequence, GSD has imputed an additional \$30 PUM for operating this site, which would bring the total to \$227 PUM.

**Adequacy of Model Estimate**

Based on current expenditures of \$227 PUM by a combination of Barcelon Management and agency, included an upwards adjustment of \$30 PUM, the model-predicted amount of \$314 PUM ('02) appears to be more than adequate for well-maintained public housing.

**Table J.18: Kottinger Place Operating Budget – Fiscal Year Ending 6/30/02**

Item		
	PUM	Annual
<b>Administrative</b>		
Salaries	\$33	\$20,000
Sundry	\$33	\$19,641
Management Fee	\$22	\$13,440
Subtotal	\$88	\$53,081
<b>Tenant Services</b>		
Recreation/Supplies	\$2	\$1,000
Subtotal	\$2	\$1,000
<b>Maintenance</b>		
Salaries	\$13	\$7,992
Materials/Contracts	\$53	\$31,502
Subtotal	\$66	\$39,494
<b>Protective Services</b>		
Contract		
Subtotal	\$0	\$0
<b>General</b>		
Insurance (estimate)	\$20	\$12,000
Employee Benefits	\$5	\$3,043
Bad Debt	\$0	\$0
Subtotal	\$25	\$15,043
Total Routine Expenses		\$108,618
Non-routine Expenses	\$16	\$9,500
<b>Total Operating Expenses</b>	<b>\$197</b>	<b>\$118,118</b>
Additional Requirements	\$30	\$18,000
<b>ADJUSTED OPERATING EXPENSES</b>	<b>\$227</b>	<b>\$136,118</b>

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## PINE ISLAND/NARANJA MIAMI DADE HOUSING AUTHORITY

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### Property Overview

Pine Island Naranja is a 344-unit property grouping owned by the Miami Dade Housing Agency (MDHA) that serves both families and elderly (Figure J.13-J.15). The property is made up of four separate sites with a mix of two story rowhouse units, single story quads and duplexes, and single family homes. Site densities ranges from 5 to 12 units per acre, with an average of 2.61 bedrooms per unit. The bedroom distributions are shown in Table J.19. The sites were built at different times between 1971 and 1984 and the average age of the buildings is 24 years. The property was destroyed in 1992 by Hurricane Andrew and all units have been rebuilt and are in excellent physical condition, although some of the sites appear to require exterior building painting.

The majority of the Pine Island/Naranja sites are located within a one mile radius of the property's office in a suburban/rural area of Miami Dade County. The surrounding area includes a mix of residential, agricultural, and military activity with the Homestead Air Reserve Base located across the street from the property. Two of the five sites have police substations located in units and criminal activity is modest with the exception of an on-going problem of break-in's into the high number of vacant apartments which plague the property.

Following Hurricane Andrew, MDHA placed several of its public housing properties in the southern region of the County under private management. The current management company for Pine Island Naranja, Pinnacle Realty Management Company, has operated the property since 1994.

**Figures J.13, J.14, J.15: Pine Island Naranja Apartments**







Table J.19: Property Characteristics

<b>Location:</b> Suburban/Rural		<b>Occupancy:</b> Family/Elderly				<b>Year built:</b> 1974-1984		
<b>Units per acre:</b> 9.53						<b>Census Tract Poverty:</b> 20 to 30%		
<b>Office Address:</b> 26809 SW 128 Avenue Naranja, Florida 33032								
<b>Building Type:</b> Mixed		<b>Average Bedrooms per unit:</b> 2.61						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units	20	14	108	151	39	12		344
Average Square Feet	483	583	911	1126	1359	1433		

### Management Responsibilities

The management company is responsible for essentially all on-site management duties, with the exception of tenant grievance appeals, wait list maintenance/occupancy (an agency run occupancy department assigns files to the property), as well as unit inspections, which are handled centrally by MDHA. Additionally, while the property uses its own computer system for most functions, it updates the annual tenant recertifications directly into MDHA's computer system.

The property has no budget for security, but has two community policing substations on two of the five sites. The property does have a resident service coordinator on salary whose primary role is to tie residents into the broader social service network in the South Miami Dade area, and administers a budget of about \$1.33 PUM allocated for resident services.

As noted above, the property utilizes its own computerized property management system (with the exception of recertifications) and is not connected to the agency's main system that tracks work orders, rent collections, vacancies, etc. Rather, the management company provides the agency with a monthly customized report of key performance indicators, as specified by MDHA.

The management company is required to provide the agency with monthly financial statements and a year-end financial audit. The firm is responsible for all direct costs and is charged back a proportion of a number of centralized costs of the agency including MIS and the costs of operating the occupancy department. Pine Island Naranja is not charged for the inspection services or for general administrative overhead costs of the agency.

### Staffing

Pinnacle employs a manager, one assistant manager, one administrative assistant, one bookkeeper, and one resident service coordinator as noted above. They also employ one Maintenance Supervisor, an assistant supervisor, two mechanic techs, and two custodians. All work full time at the development and use their own vehicles to travel from site to site in the multi-site property. Benefits for staff primarily include health coverage and a 401(k) program.

**Table J.20 Staffing Summary**

<b>Staffing – Pine Island Naranja</b>		
<b>Name</b>	<b>Number of Positions</b>	<b>FTE Allocation</b>
<b>Administrative</b>		
Manager	1	1.00
Assistant Manager	1	1.00
Administrative Assistant	1	1.00
Bookkeeper	1	1.00
Resident Service Coordinator	1	1.00
<b>Maintenance</b>		
Supervisor	1	1.00
Assistant Supervisor	1	1.00
Maintenance Tech	3	3.00
Porter/Grounds	3	3.00
<b>Totals/Average</b>	<b>13</b>	<b>13.00</b>

### Operating Expenses, Exclusive of Utilities

The direct operating costs of the property, exclusive of utilities were \$235 PUM in Fiscal Year 00-01, as shown in Table J.21. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$212 PUM plus the following expense incurred by the agency but not reported in the property's financial statements. All other centralized costs are charged back to the property.

Quality Assurance Inspections. The agency pays for inspections of units for a total cost of \$2.97 per unit month.

Security. The agency has an arrangement with the County Police Department for both roving and community policing efforts at many of its family properties. GSD estimated an imputed value of this service at \$20 PUM.

According to the site manager, the budget is just about sufficient to cover the routine needs of the property, although the property clearly requires some improvements such as painting at some of the sites. Although the property was close to 100 percent occupied just two to three years ago, the property has a serious vacancy problem due to much higher than normal turnover due to a consent decree entered into by the County regarding an allocation of Section 8 certificates to public housing residents and broader problems related to receiving files from the Occupancy and Leasing Office which charged the property over \$32,600 for its services in Fiscal Year 00-01.

### **Adequacy of Model Estimate**

Presently, with expenditures of \$235 PUM by a combination of the management company and the MDHA, the model-predicted amount \$345 PUM ('01)<sup>6</sup> appears to be more than adequate.

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<sup>6</sup> Pine Island/ Naranja consists of several different projects; the amount shown reflects the estimated unit-weighted average for these properties.

**Table J.21: Pine Island Naranja Operating Expenses – Fiscal Year Ending 9/30/01**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$35	\$146,124
Central Leasing Chargeback	\$8	\$32,694
MIS Chargeback	\$3	\$13,210
Central Quality Control Inspections	\$3	\$12,260
Sundry	\$16	\$66,348
Management Fee	\$23	\$94,116
Subtotal	\$88	\$364,752
<b>Tenant Services</b>		
Sundry	\$1	\$5,500
Total	\$1	\$5,500
<b>Maintenance</b>		
Salaries/Site	\$37	\$154,003
Materials	\$12	\$48,911
Contracts	\$40	\$165,178
Subtotal	\$89	\$368,092
<b>Protective Services</b>		
Contract*	\$20	\$82,560
Subtotal	\$20	\$82,560
<b>General</b>		
Insurance	\$16	\$64,421
Employee Benefits	\$17	\$70,848
PILOT	\$3	\$12,778
Bad Debt	\$0	\$300
Subtotal	\$36	\$148,347
Total Routine Expenses	\$235	\$969,251
Non-routine Expenses		
<b>Total Management Firm Expenses</b>	<b>\$235</b>	<b>\$969,251</b>

\* Imputed amount of centralized police services provided to all family properties.

## PATRICIA WHITE BOSTON HOUSING AUTHORITY

### Property Overview

The Patricia White development is a 225-unit property owned by the Boston Housing Authority (BHA) (Figure J.16, J.17) that fills approximately half a city block. It was built in 1978 and, while it has not been modernized or renovated, it has recently received new roofs, 3 new boilers and a new hot water system. The property serves the elderly and disabled, almost all of whom are Russian-speaking. There are a total of 216 one-bedroom and 9 two-bedroom apartments (Table J.22). There are 4 mid-rises (3 five-story and 1 eight-story elevator buildings) surrounding a heavily treed and landscaped interior courtyard. The site also contains a community room, exercise room, laundry room, furnished lobby, administrative and social service offices and a maintenance shop. There is limited parking at the rear of the property.

Patricia White is located on Washington Street in Boston's Brighton neighborhood, on the Brookline line. An active business district, with many stores and services, is located within walking distance, including a supermarket and a bank directly across the street. Health care is available nearby at Beth Israel Health Center. There are a number of places of worship in the neighborhood. Patricia White is easily reached by public transportation. An MBTA bus stops at the front of the building and the Green Line subway system is a two-minute walk away. Special senior transportation is provided to and from the local supermarket.

The neighborhood is quite stable and contains a mix of private and assisted multi-family buildings with both apartments and condominiums as well as some single family homes. Market rents in the area range from \$1200 to \$1400 for one-bedroom, \$1600 to \$1800 for two bedroom, \$1800 to \$2200 for three-bedroom and \$2300 for four-bedroom apartments. Apartment rentals are popular with professionals and college students (it is convenient to both Boston College and Boston University) and the neighborhood is generally considered safe.

Patricia White itself experiences few security problems. There is no manned security presence at the property and the roving patrol provided by the BHA is considered sufficient.

Patricia White has been under continuous management by Corcoran Management, a private management firm based in nearby Braintree, MA, since 1995 when the BHA decided to "privatize" the management of approximately one-third of its housing for the elderly and disabled for a five-year term. Patricia White's contract was renewed a couple of years ago for another five-year term as were the contracts at most of the other privately managed BHA elderly/disabled properties.

**Table J.22: Property Characteristics**

<b>Location:</b> Brighton neighborhood		<b>Occupancy:</b> Elderly/Disabled				<b>Year built:</b> 1978		
<b>Acreage:</b>						<b>Census Tract Poverty:</b> < 20%		
<b>Address</b> 20 Washington Street, Brighton, MA 02135								
<b>Building Type</b> 5 & 8 story mid-rise buildings		<b>Average Bedrooms per unit:</b> 1.04						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units		216	9					225
Average Square Feet		650	800					N/A

**Figures J.16, J.17: Patricia White**



### Management Responsibilities

The private manager is responsible for essentially all on-site management duties with the exception of occupancy administration (application processing, tenant screening, and wait list maintenance), tenant grievances and overseeing a roving security person whose presence at the property is minimal. The operating budget for the property does not include funding for social/resident services although various services are provided by vendors who have contracts with the BHA.

The property utilizes Corcoran's property management accounting system and is not connected to the BHA's main system. Corcoran provides regular monthly financial reports customized to match the BHA's operating accounts indicating performance against budget as well as the status of accounts receivable (rent collections outstanding) and accounts payable. In addition, Corcoran tracks work orders on its own system as well.

Corcoran is also responsible for submitting to the BHA a certified audit at the end of each fiscal year and a budget prior to the start of the next fiscal year. The firm is responsible for all direct costs, except utilities, PILOT<sup>7</sup>, property and liability insurance, application processing, tenant selection and wait list maintenance, which are funded directly by the BHA. BHA does not provide Corcoran with any utility monitoring information. Corcoran must follow BHA's public procurement policy for all contracts over \$10,000. Corcoran has the option of purchasing routine supplies and appliances through the BHA's central stores.

Corcoran is responsible for all staffing at the properties (hiring, firing, disciplining, setting salary and benefits). The BHA has the right to review Corcoran's choice of manager for the property. Staffing at Patricia White is quite stable, with all staff having tenure over 4 years.

Corcoran is also responsible for all unit and building inspections although the BHA does conduct an annual assessment of the property as well.

### Staffing

Patricia White has a total site staff of 5. The two administrative staff (a Property Manager and an Assistant Manager) are shared 20% with a nearby site. The maintenance staff includes a maintenance superintendent, one technician, and one custodian/groundskeeper. The staffing levels appear adequate.

**Table J.23: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>	<b>FTE Allocation</b>
<b>Administrative</b>		
Manager	1	.80
Assistant Manager	1	.80
<b>Maintenance</b>		
Supervisor	1	1.00
Technician	1	1.00
Custodial/Grounds	1	1.00
<b>Totals</b>	<b>5</b>	<b>4.60</b>

<sup>7</sup> Payment in Lieu of Taxes



**Operating Expenses, Exclusive of PILOT and Utilities**

The direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$229 PUM, as shown in Table J.24. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$161 PUM in 2002 plus the following \$68 PUM in expenses incurred by the agency but not reported in the property's financial statements:

**Property Insurance.** The agency pays the property insurance for all its properties. The BHA experienced a \$23 PUM cost in FY02 which is consistent with the skyrocketing insurance costs nationwide.

**PILOT.** The BHA budgets a Payment in Lieu of Taxes of \$3 PUM.

**Tenant Selection and Central Waiting List.** The agency maintains a central waiting list, where all applicants are screened and assigned. The cost of the Occupancy Office is estimated at \$10 PUM for salaries and benefits only.

**Trash Removal.** Trash removal is provided by the City of Boston and is not charged to either the BHA or Patricia White. Patricia White uses compactors (the "sausage" type). While there is no additional expense for trash carried by either the BHA or Patricia White, GSD has imputed an amount of \$10 PUM for this service.

**Tenant Services.** The BHA maintains a small Tenant Services department to oversee its tenant services contracts and to coordinate the activities provided by outside agencies at BHA properties. This oversight is estimated at \$1 PUM. If the current services provided at no cost by Boston Elder Services were to be suddenly charged, it is estimated that the costs would be approximately \$20 for a full time Russian speaking Social Services Coordinator and associated modest programming costs. Such a position is necessary at this property because most of the residents do not speak English. While not incurred, this cost is carried as an expense in ascertaining the adequacy of the model predicted operating costs for the property.

**Contract Security and Public Safety:** The BHA maintains a Public Safety Division whose budget for 2002 was \$50 PUM for the entire agency. However, Patricia White, as noted above, does not receive anything but a very modest contribution of an unscheduled roving officer from the BHA (estimated value: \$1 PUM.) This coverage is deemed sufficient by both Corcoran and BHA staff.

The BHA has held Patricia White's budget at \$160 PUM for several years and, as the FY02 actuals attest, Corcoran can run the property at this amount. However, while among the BHA's most popular elderly/disabled buildings, this clean and tidy property feels "worn" and "tired" in its public areas. The long ceiling over the rear entry continues to peel unattractively from leaks overhead that have yet to be cured. Many of the units still have the original carpeting and appliances which are not functioning optimally. Hallway carpeting is being replaced at the rate of one floor per year. Corcoran recently estimated it would cost \$190 to \$200 PUM to adequately operate Commonwealth in the areas for which they are responsible. BHA regional operations staff agree with Corcoran's assessment. Currently, systems and building envelope issues are routinely addressed. However, units have not received the same level of attention. The new construction of 1978 is nearing its 25<sup>th</sup> anniversary and the units show the effects of deferred maintenance in flooring, cabinetry, appliances, the absence of cycle painting and the like. One of the most chronic problems is the broken seals on windows which causes them to cloud. The budget does not allow for their replacement.

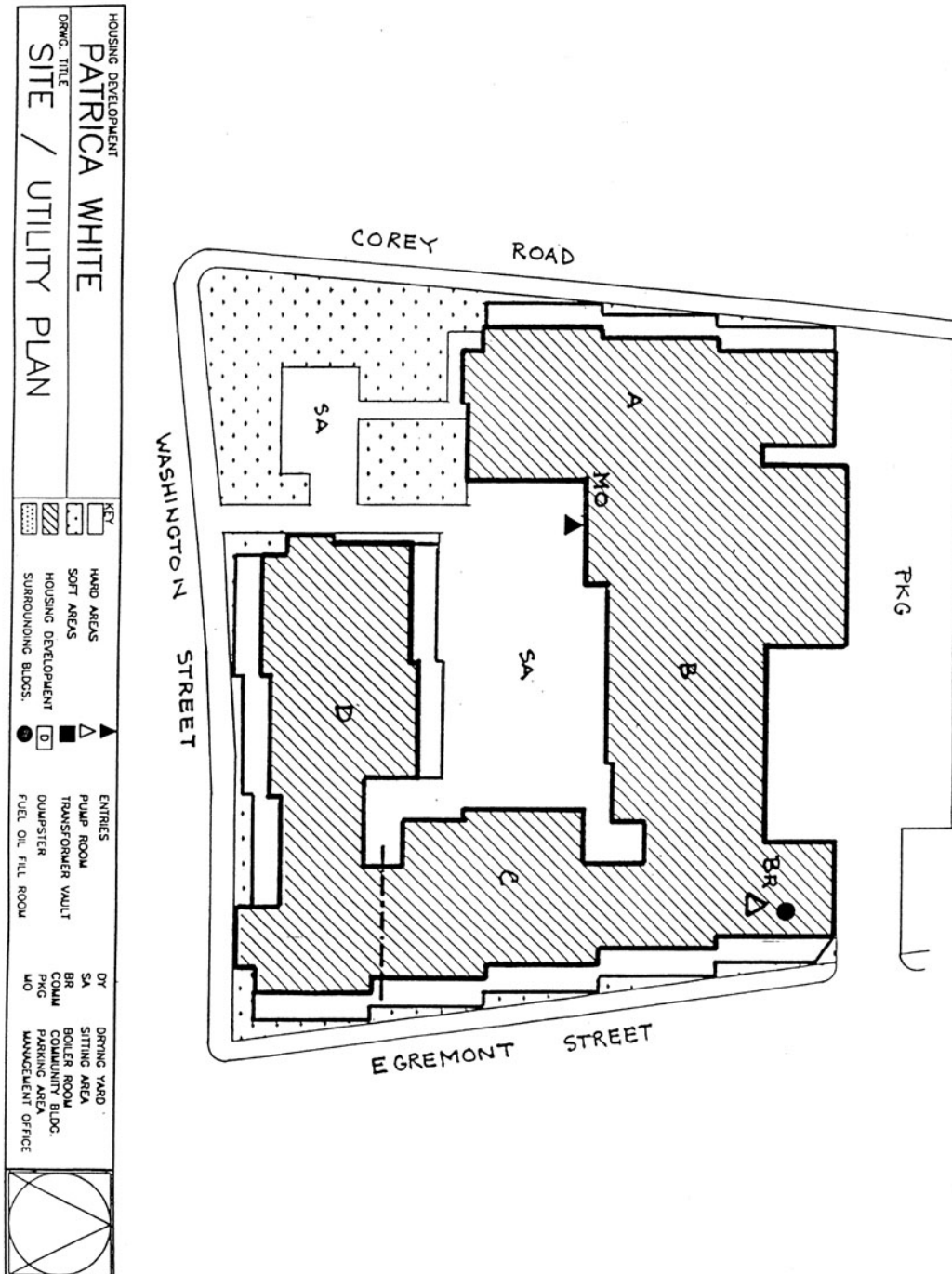
**Adequacy of Model Estimate**

Presently, with expenditures of \$229 PUM by a combination of Corcoran and the BHA, the property is estimated by Corcoran and BHA staff to still be routinely underfunded by approximately \$30 to \$40 PUM. What the property needs is \$269 PUM for routine operations. The cost model yields an estimate of \$311 PUM ('02), which should be adequate to maintain well-run public housing.

**Table J.24: Patricia White Operating Actuals – Fiscal Year Ending 3/31/02**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$28	\$74,969
Sundry	\$11	\$28,444
Management Fee	\$32	\$86,400
Subtotal	\$70	\$189,813
<b>Tenant Services</b>		
Other	\$0	\$0
Contracts	\$0	\$0
Subtotal	\$0	\$0
<b>Maintenance</b>		
Salaries/Site	\$35	\$93,820
Materials	\$32	\$86,039
Trash Removal*	\$10	\$27,000
Contracts	\$8	\$22,371
Subtotal	\$85	\$229,230
<b>Protective Services</b>		
Contract	\$0	\$0
Subtotal	\$0	\$0
<b>General</b>		
Insurance	\$0	\$0
Employee Benefits	\$16	\$43,697
PILOT	\$0	\$0
Bad Debt	\$0	\$0
Subtotal	\$16	\$43,697
Total Routine Expenses	\$171	\$464,740
Non-routine Expenses	\$0	\$0
<b>Total Management Firm Expenses</b>	<b>\$171</b>	<b>\$464,740</b>
<b>Estimated BHA Costs</b>		
Additional property insurance	\$23	
PILOT	\$3	
Occupancy activities & Wait List	\$10	
Tenant Services Oversight	\$1	
Social Services Coordinator	\$20	
Public Safety Oversight	\$1	
Total BHA Expenses	\$58	
<b>Total Operating Expenses</b>	<b>\$229</b>	

### Map J.1: Patricia White Site Plan



## POE HOMES HOUSING AUTHORITY OF BALTIMORE CITY

### Property Overview

Poe Homes is a 298-unit property owned by the Housing Authority of Baltimore City (HABC) that serves primarily families (Figures J.18, J.19). The property consists of brick two-story walk-up structures arranged in courtyard fashion, with an average of 1.54 bedrooms per unit (Table J.25). Built in the late 1930s, it is one of the agency's oldest properties.

The property has received various modernization improvements over the years, including new roofs, windows, electrical, and interior upgrades. The site design and layout, however, has remained the same and is typical of dense, urban public housing throughout the eastern United States. For example, there is little open play space and much of the common area is covered with asphalt.

Poe Homes is located immediately west of the downtown in an area known as Poppleton. The site, and its surrounding area, are high-poverty census tracts. The neighborhood is populated by a substantial number of subsidized housing properties. Immediately adjacent to Poe Homes is the HABC's new HOPE VI development, The Terraces at Lexington.

Poe Homes has been under private management since the late 1990s. It is managed by the same firm – Edgewood Management – that owns/manages the adjacent HOPE VI property. Indeed, concerns over crime and management at Poe Homes led Edgewood to take on the management at Poe.

**Table J.25: Property Characteristics**

<b>Location:</b> Central City		<b>Occupancy:</b> Family				<b>Year built:</b> 1940		
<b>Acreage:</b>		<b>Census Tract Poverty:</b> over 40%						
<b>Address:</b> 800 W. Lexington, Baltimore, MD 21201								
<b>Building Type:</b> row/walk-up		<b>Average Bedrooms per unit:</b> 1.54						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units		164	108	26				298

**Figures J.18, J.19: Poe Homes**



### Management Responsibilities

The private manager is responsible for essentially all on-site management duties, with the exception of tenant grievances and administration of the waiting list, both of which are handled centrally by HABC. The operating budget for the property also does not contain funding for social/resident services. Residents of Poe Homes have access to a range of services available to other HABC residents that are not accounted for in the property budgets.

The property utilizes its own computerized property management system and is not connected to the agency's main system that tracks work orders, rent collections, vacancies, etc. Rather, the management company provides the agency with a monthly customized report of key performance indicators, as specified by HABC.

The management company is required to provide the agency with monthly financial statements and a year-end financial audit. The firm is responsible for all direct costs, except utilities, PILOT<sup>8</sup>, property and liability insurance and administration of the waiting list, which is handled centrally by the agency.

### Staffing

Edgewood Management employs a total of nine staff to operate the property, as shown in Table J.26.

**Table J.26: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>
<b>Administrative</b>	
Manager	1
Assistant Manager	1
Leasing Agent	1
<b>Maintenance</b>	
Maintenance Supervisor	1
Technician	2
Grounds persons	3
<b>Totals</b>	<b>9</b>

### Operating Expenses, Exclusive of PILOT and Utilities

The direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$218.59 PUM, as shown in Table J.27. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$200.19 PUM plus the following expenses incurred by the agency but not reported in the property's financial statements:

**Property Insurance.** The agency pays for property and liability insurance and does not charge back the property for this cost. Agency-wide, these costs are estimated at \$11.40 PUM, based on the agency's 2003 Operating Budget.

**Central Waiting List.** The agency maintains a central waiting list, where all applicants are screened and assigned. The cost of this office is estimated at \$7 PUM.

According to Site Manager, the funding provided to maintain the property is considered adequate.

<sup>8</sup> Payment in Lieu of Taxes.

### Comment

Although Poe Homes is an old, dense public housing property in a very poor neighborhood, it is extremely well-maintained. There is an apparent pride in the property among residents and staff, contributing to low crime and turnover. The grounds are well-kept and litter-free. The management company maintains near full occupancy and responds to most routine work orders within a few days.

### Adequacy of Model Estimate

Presently, with expenditures of \$219 PUM by a combination of Edgewood and the HABC, the model-predicted amount of \$307 PUM ('02) appears to be more than adequate to maintain well-run public housing.

**Table J.27: Poe Homes Operating Budget – Fiscal Year Ending 6/30/03**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$26.56	\$94,894
Sundry	\$9.59	\$34,300
Central Waiting List*	\$7.00	\$25,032
Management Fee	\$32.50	\$116,220
Subtotal	\$76.75	\$274,446
<b>Tenant Services</b>		
Labor	\$0.00	\$0
Subtotal	\$0.00	\$0
<b>Maintenance</b>		
Salaries/Site	\$45.94	\$164,270
Materials	\$40.97	\$146,504
Contracts	\$15.73	\$56,260
Subtotal	\$102.64	\$367,034
<b>Protective Services</b>		
Contract	\$0.00	\$480
Subtotal	\$0.00	\$480
<b>General</b>		
Insurance*	\$11.40	\$40,766
Employee Benefits	\$24.31	\$86,949
PILOT		
Bad Debt	\$3.36	\$12,000
Subtotal	\$39.07	\$139,715
Total Routine Expenses	\$218.59	\$769,675
Non-routine Expenses	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$218.59</b>	<b>\$769,675</b>

Note: Amounts marked with an asterisk indicate direct costs either incurred or paid directly by HABC and not included in the property's financial statements.

## REGENCY HOUSE DISTRICT OF COLUMBIA HOUSING AUTHORITY

### Property Overview

Regency House is a 160-unit high-rise owned by the District of Columbia Housing Authority (DCHA) that serves both seniors and young-disabled. The property consists of one nine-story building on approximately 0.5 acres of land. The property was constructed in 1964 (Table J.28).

The property is generally in good physical condition, with the exception of (1) the risers, which need replacement and (2) condensation problems resulting from inadequate insulation (the property was not originally built for air conditioning). In recent years, nearly all of the interior units were refurbished through the agency's "occupied-unit rehab program."

Regency House is located in the northwestern corner of the city on Connecticut Ave. It is a high-income neighborhood, convenient to services, shopping, and transportation. The property has a turnover rate of about five percent a year.

In the late 1990s, DCHA placed several of its public housing properties under private management (a total of about 1,400 units, or 15% of its public housing stock). The current management company, CIH, has operated the property since around 1998. CIH also manages two other elderly properties for DCHA – Claridge House (200 units) and Horizon House (105 units).

**Table J.28: Property Characteristics**

<b>Location:</b> Central City	<b>Occupancy:</b> Senior	<b>Year built:</b> 1964
<b>Acreage:</b> 0.5	<b>Census Tract Poverty:</b> < 20%	
<b>Address:</b> 5201 Connecticut Ave, Washington, DC 20015		
<b>Building Type:</b> High-Rise	<b>Average Bedrooms per unit:</b> n/a	

### Management Responsibilities

The private manager is responsible for essentially all on-site management duties, with the exception of tenant grievances and administration of the waiting list, both of which are handled centrally by DCHA.<sup>9</sup> The operating budget for the property also does not contain funding for social/resident services. Residents of Regency House have access to a range of services available to other DCHA residents that are not accounted for in the property budgets. Additionally, the property makes space available to outside agencies that provide services free-of-charge, such as a senior meals program.

While the property is generally responsible for all evictions and lease enforcement activity, approval is required from the agency before eviction action can be taken in for-cause cases. Once agency approval has been received, however, the property processes the eviction (it does not use the agency's in-house attorneys). A typical DCHA approval takes several weeks.

The property utilizes its own computerized property management system and is not connected to the agency's main system that tracks work orders, rent collections, vacancies, etc. Rather, the management company provides the agency with a monthly customized report of key performance indicators, as specified by DCHA.

<sup>9</sup> All grievances are assigned to DCHA's central office for processing. As for the administration of the waiting list, the property must notify the agency when a unit is vacant. The property then has 21 days to make the unit ready, during which time the agency will assign a pre-screened applicant to the unit.



The management company is required to provide the agency with monthly financial statements and a year-end financial audit. The firm is responsible for all direct costs, except utilities, PILOT<sup>10</sup>, property and liability insurance and administration of the waiting list, which is handled centrally by the agency.

### Staffing

CIH staffs the property with a full-time manager and assistant manager. In addition, there is a full-time maintenance mechanic, a full-time porter, and a one-third time supervisor (that is allocated between three properties).

**Table J.29: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>
<b>Administrative</b>	
Manager	1
Assistant Manager	1
Administrative Assistant	
<b>Maintenance</b>	
Mechanic	1
Porter	1
Supervisor	.33
<b>Totals</b>	<b>4.33</b>

### Operating Expenses, Exclusive of PILOT and Utilities

The direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$264 PUM, as shown in Table J.30. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$178 PUM plus the following expenses incurred by the agency but not reported in the property's financial statements:

**Property Insurance.** The agency pays for property and liability insurance and does not charge back the property for this cost. Agency-wide, these costs are estimated at \$15 PUM.

**Central Waiting List.** The agency maintains a central waiting list, where all applicants are screened and assigned. The cost of this office is estimated at \$7 PUM.

**Contract Security.** Although the property procures for contract security services, these bills are sent separately to the agency for payment and are not reported on the financial statements of the property. There is currently round-the-clock coverage, with a mix of armed and unarmed service. The cost for this coverage is about \$128,000 annually, or \$64 PUM.

According to the site manager, the funding provided to operate the property is considered adequate for routine expenses. The only notable concern of the management company are the risers, which need replacement. Occasionally, maintenance staff are needed to repair riser leaks, and associated damage, but these amounts are already covered in the budget.

The property maintains almost no backlog of routine work orders, the grounds are well-manicured, the property is almost always fully occupied, and close to 100% of the rents are collected each month.

<sup>10</sup> Payment in Lieu of Taxes.

### Adequacy of Model Estimate

Based on expenditures of \$264 PUM by a combination of CIH and DCHA, the model-predicted amount \$304 PUM ('02) appears adequate to maintain well-run public housing.

**Table J.30: Regency House Operating Expenses – FY 02 Operating Budget**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$35	\$67,925
Sundry	\$13	\$25,580
Central Waiting List*	\$7	\$13,440
Management Fee	\$28	\$53,934
Subtotal	\$84	\$160,879
<b>Tenant Services</b>		
Res. publication/other	\$1	\$2,500
Subtotal	\$1	\$2,500
<b>Maintenance</b>		
Salaries/Site	\$40	\$77,247
Materials	\$18	\$33,835
Contracts	\$12	\$23,000
Subtotal	\$70	\$134,082
<b>Protective Services</b>		
Contract*	\$64	\$123,282
Subtotal	\$64	\$122,880
<b>General</b>		
Insurance*	\$15	\$44,280
Employee Benefits	\$19	\$36,293
PILOT	\$0	\$0
Bad Debt	\$3	\$3,500
Subtotal	\$44	\$84,073
Total Routine Expenses	\$262	\$504,414
Non-routine Expenses	\$2	\$3,000
<b>Total Operating Expenses</b>	<b>\$264</b>	<b>\$507,414</b>

Note: Amounts marked with an asterisk indicate direct costs either incurred or paid directly by DCHA and not included in the property's financial statements.

## RIVERVIEW GARDENS HOUSING AUTHORITY OF KANSAS CITY

### Property Overview

Riverview Gardens is a 232-unit family property owned by the Housing Authority of Kansas City, Missouri (HAKC) (Figure J.20, J.21). The property consists of 28 two-story buildings built on the bluffs of the Missouri River on the northern edge of the core city. It is HAKC's first built development. There are a total of 70 one-bedroom garden-style apartments, 102 two-bedroom, 40 three-bedroom and 20 four-bedroom townhouse style units (Table J.31). 12 of the apartments are wheelchair accessible. The property was constructed in 1952, and a \$17,000,000 comprehensive modernization was completed in January 1998.

A key element in the Riverview modernization was the conversion of the former HAKC offices at 299 Paseo into the Family Development and Learning Center. The Missouri Division of Family Services, the Boys and Girls Clubs, Full Employment Council, the Kansas City, Missouri School District, LINC, and the First Step Fund are some of the agencies providing employment preparation and training, social services and educational programs at the Center.

HAKC was placed in Court Receivership in 1994 at a time when the agency's housing stock was largely distressed and obsolete, the vacancy rate was 43%, there were large backlogs of uncompleted maintenance work, and criminal activity was described as "rampant." As further evidence of its many management and capital problems, HUD had declared HAKC a "troubled agency." HAKC has focused intensively on rebuilding HAKC's distressed communities. Soon, HAKC will finish construction on the 1,000<sup>th</sup> unit either built or rehabbed since the Receivership began. This effort has included placing approximately 40% of HAKC's portfolio under private management. Riverview Gardens has been managed by JTHD, Inc. of Overland Park, Kansas for the past 5.5 years and the relationship between JTHD and HAKC has been positive.

HAKC became a HUD "High Performer" agency in 1998. Further, HAKC anticipates being removed from court oversight at the end of 2002 while continuing a mix of private and HAKC management of its properties.

**Table J.31: Property Characteristics**

<b>Location:</b> Northeast Section of City			<b>Occupancy:</b> Family			<b>Year built:</b> 1952 and modernization completed in 1998		
<b>Acreage:</b> n/a			<b>Census Tract Poverty:</b> n/a					
<b>Address:</b> 299 Paseo Boulevard, Kansas City, MO 64106								
<b>Building Type:</b> Garden and TH			<b>Average Bedrooms per unit:</b> 2.04					
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units		70	102	40	20			232
Average Square Feet		815	835	900	915			N/A

**Figures J.20, J.21: Riverview Gardens**



## Management Responsibilities

The private manager is responsible for many, but not all, of the standard conventional property management functions. Functions retained by the HAKC, or shared jointly, include:

**Initial Occupancy.** HAKC does all of the application intake, initial tenant screening and assigns applicants to properties. The private manager then has the responsibility to complete the tenant screening that includes landlord and last employment verifications as well as home visits. The private manager has the authority to accept an applicant or not according to established criteria.

**Inspections.** Unit as well as building and grounds inspections are the responsibility of the private manager, while HAKC's quality control inspector also inspects 8% -14% of all units annually and routinely inspects common areas and grounds as well.

**Financial.** Residents are billed for their rent monthly by the private manager using HAKC's financial management system. Tenants mail rent to HAKC's lock box. The private manager is responsible for following up on delinquent rents. JTHD is responsible for all procurement, except any expenditure over \$5,000 requires HAKC approval.

**Work Order Administration.** Residents call work orders into HAKC, which enters the request into its central system which then dispatches the request to each site. JTHD is responsible for closing out a work order at the site once it is complete.

**Security.** HAKC maintains a Public Safety department that includes a director and 4 investigators as well as security guards at some properties. Riverview is one location to which 2 security guards are assigned. JTHD contacts HAKC for response when there are particular issues and concerns. The cost of security is not carried in JTHD's budget for Riverview Gardens.

JTHD is responsible for routine rent collection, lease enforcement, personnel, Section 3, an annual audit (this will be a new requirement), preventive maintenance (although HAKC does capital improvements), non-routine maintenance, project based budgeting, accounts payable, annual tenant recertification, inventory control, the annual management plan, the annual review of maintenance systems, turnover preparation, fire safety and emergency preparedness.

In addition to the application intake and assignment activities described above, HAKC is also responsible for property and liability insurance, PILOT<sup>11</sup>, tenant grievances, tenant services, PHAS reporting, and utility monitoring (residents generally pay all utilities except water at "campus" properties). None of the costs of these activities are included in JTHD's operating budget and are handled centrally by HAKC.

The curb appeal of HAKC and privately managed properties are both good to very good, although the privately managed "campus" properties had a somewhat higher standard of curb appeal. Residents of privately managed scattered sites are required to maintain their own yards and their performance quality is variable.

## Staffing

JTHD, Inc. employs a manager and an assistant manager on-site for Riverview Gardens. They also employ a maintenance supervisor and three maintenance technicians. In addition JTHD has assigned a Regional Supervisor half time to Riverview Gardens.

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<sup>11</sup> Payment in Lieu of Taxes. HAKC has not been obligated to pay any to date.

**Table J.32: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>	<b>FTE Allocation</b>
<b>Administrative</b>		
Manager	1	1
Assistant Manager	1	1
<b>Maintenance</b>		
Supervisor	1	1
Technicians	3	3
<b>Totals</b>	<b>6</b>	<b>6</b>

### **Operating Expenses, Exclusive of PILOT and Utilities**

The direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$225 PUM, as shown in Table J.33. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$172 PUM in 2001 plus the following expenses incurred by the agency but not reported in the property's financial statements:

**Property Insurance.** The agency pays the property insurance bill although the private managers recorded \$11 PUM in its 2001 expenses. Property and insurance liability costs have recently increased dramatically to \$21 PUM at HAKC, an occurrence that is repeating itself nationwide. Therefore, another \$10 PUM is added to more realistically indicate the insurance costs.

**Tenant Selection and Central Waiting List.** The agency maintains a central waiting list, where all applicants are screened and assigned. The cost of this office is estimated at \$15 PUM. HAKC routinely receives 100 to 200 applications per week.

**Contract Security and Public Safety:** HAKC maintains a Public Safety Department that includes a Director and 4 inspectors. Its budget for 2002 is \$445,571. It includes a contract with the Kansas City Police Department (\$270,000 in 2001 and \$180,000 in 2002) for roving patrols at all of its properties except those in the scattered sites portfolios. Riverview's prorated share of the Public Safety Department and the roving police patrols is \$28 PUM for 2002.

JTHD reported that the operating budget was "adequate for now," and HAKC's Operations Director said, "I don't know how they do it." The property was in quite good condition as would be expected for such a newly renovated development.

### **Adequacy of Model Estimate**

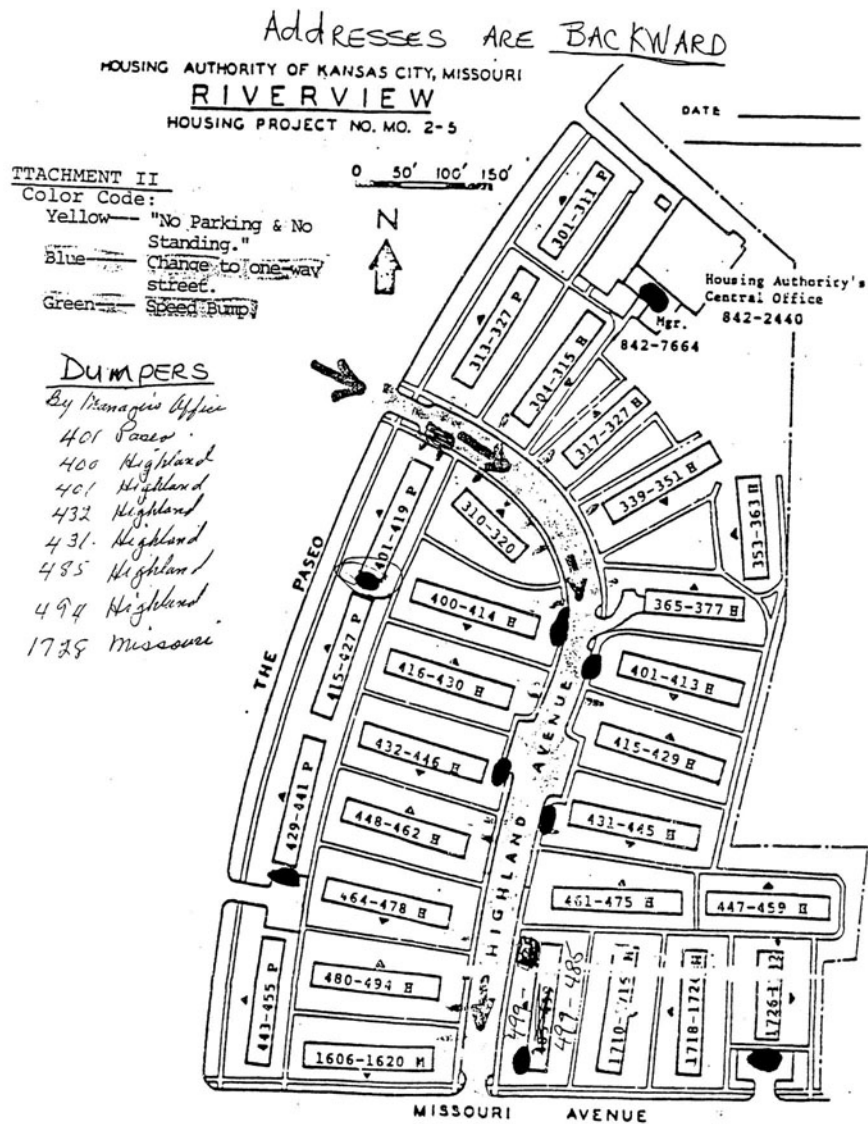
Based on expenditures of roughly \$225 PUM, the model-predicted amount \$307 PUM ('01)<sup>12</sup> appears more than adequate for well-run public housing.

<sup>12</sup> Riverview is not in the GSD's Public Housing database; model estimate is based on comparable agency properties.

**Table J.33: Riverview Gardens Operating Actuals – Fiscal Year Ending 12/31/01**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$24	\$65,862
Sundry	\$19	\$52,516
Management Fee	\$10	\$26,585
Subtotal	\$52	\$145,963
<b>Tenant Services</b>		
Other	\$3	\$7,000
Contracts	\$1	\$3,000
Subtotal	\$4	\$10,000
<b>Maintenance</b>		
Salaries/Site	\$40	\$110,096
Materials	\$15	\$41,604
Contracts	\$31	\$86,295
Subtotal	\$85	\$237,995
<b>Protective Services</b>		
Contract	\$0	\$1,085
Subtotal	\$0	\$1,085
<b>General</b>		
Insurance	\$11	\$31,204
Employee Benefits	\$12	\$32,797
PILOT	\$0	\$0
Bad Debt	\$0	(\$802)
Drug Screening	\$1	\$2,050
Subtotal	\$24	\$65,249
Total Routine Expenses	\$166	\$460,292
Non-routine Expenses	\$7	\$19,812
<b>Total Management Firm Expenses</b>	<b>\$172</b>	<b>\$480,104</b>
<b>Estimated Property Expenses not reflected in Site Budget but Incurred by HAKC</b>		
Additional property insurance	\$10	
Administration of Central Waiting List	\$15	
Contract Security & Public Safety	\$13	
Public Safety Oversight	\$15	
Total HAKC Expenses	\$53	
<b>Total Operating Expenses</b>	<b>\$225</b>	

Map J.2: Riverview Gardens Site Plan





## SIBLEY PLAZA APARTMENTS DISTRICT OF COLUMBIA HOUSING AUTHORITY

### Property Overview

Sibley Plaza Apartments is a 246-unit property owned by the District of Columbia Housing Authority (DCHA) that serves both seniors and families (Figures J.22, J.23). The property consists of one ten-story building of 230 units and 16 townhouses, all within the same site. There are a total of 160 one-bedroom apartments, 70 two-bedroom units, and 16 four-bedroom townhouse units (Table J.34). The property was constructed in the late 1960s, and has not undergone comprehensive modernization.

Sibley Plaza is located 12 blocks north of the U.S. Capitol and across the street from the main office of the housing authority. The property forms the eastern border of a residential neighborhood with a heavy concentration of federally subsidized housing. Sitting at the crossroads of two major arteries, the area is marked by significant drug dealing, which is visually present immediately west of the property.

In the late 1990s, DCHA placed several of its public housing properties under private management (a total of about 1,400 units, or 15% of its public housing stock). The current management company, Legum and Norman, has operated the property since 1998. Legum and Norman also manages two small properties (58 units combined) for DCHA in the same neighborhood. While the cost of these two smaller properties is accounted for separately, the staff are shared and Sibley Plaza serves as the management office for all three properties.

**Table J.34: Property Characteristics**

<b>Location:</b> Central City		<b>Occupancy:</b> Senior/family				<b>Year built:</b> 1968		
<b>Census Tract Poverty:</b> 30-40%								
<b>Address:</b> 1140 North Capitol Street, Washington, DC								
<b>Building Type:</b> Mixed		<b>Average Bedrooms per unit:</b> 1.64						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units		160	70		16			246
Average Square Feet		600	900		1,250			N/A

**Figure J.22, J.23: Sibley Plaza Apartments**



### Management Responsibilities

The private manager is responsible for essentially all on-site management duties, with the exception of tenant grievances and administration of the waiting list, both of which are handled centrally by DCHA.<sup>13</sup> The operating budget for the property also does not contain funding for social/resident services. Residents of Sibley Plaza have access to a range of services available to other DCHA residents that are not accounted for in the property budgets. Additionally, the property makes space available to outside agencies that provide services free-of-charge, such as a senior meals program.

While the property is generally responsible for all evictions and lease enforcement activity, approval is required from the agency before eviction action can be taken in for-cause cases. Once agency approval has been received, however, the property processes the eviction (it does not use the agency's in-house attorneys). A typical DCHA approval takes several weeks.

The property utilizes its own computerized property management system and is not connected to the agency's main system that tracks work orders, rent collections, vacancies, etc. Rather, the management company provides the agency with a monthly customized report of key performance indicators, as specified by DCHA.

The management company is required to provide the agency with monthly financial statements and a year-end financial audit. The firm is responsible for all direct costs, except utilities, PILOT<sup>14</sup>, property and liability insurance and administration of the waiting list, which is handled centrally by the agency.

### Staffing

Legum and Norman employs a manager, an assistant manager, and an administrative assistant on-site for Sibley Plaza. They also employ three maintenance mechanics (of which one serves as a maintenance leadworker) and five custodians. These staff are also responsible for the two adjacent public housing properties (58 units) under management by Legum and Norman; salaries and fringes are allocated based on the number of units.

**Table J.35: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>	<b>FTE Allocation</b>
<b>Administrative</b>		
Manager	1	.81
Assistant Manager	1	.81
Administrative Assistant	1	.81
<b>Maintenance</b>		
Mechanic	3	2.43
Custodian	5	4.1
<b>Totals</b>	<b>11</b>	<b>8.9</b>

<sup>13</sup> All grievances are assigned to DCHA's central office for processing. As for the administration of the waiting list, the property must notify the agency when a unit is vacant. The property then has 21 days to make the unit ready, during which time the agency will assign a pre-screened applicant to the unit.

<sup>14</sup> Payment in Lieu of Taxes.

**Operating Expenses, Exclusive of PILOT and Utilities**

The direct operating costs of the property, exclusive of PILOT and utilities, are estimated at \$310 PUM, as shown in Table J.36. This amount does not include any agency overhead or contract monitoring costs. This figure is based on actual expenditures of the property of \$188 PUM plus the following expenses incurred by the agency but not reported in the property's financial statements:

**Property Insurance.** The agency pays for property and liability insurance and does not charge back the property for this cost. Agency-wide, these costs are estimated at \$15 PUM.

**Central Waiting List.** The agency maintains a central waiting list, where all applicants are screened and assigned. The cost of this office is estimated at \$7 PUM.

**Contract Security.** Although the property procures for contract security services, these bills are sent separately to the agency for payment and are not reported on the financial statements of the property. The cost for two full-time armed guards (current service) is about \$100 PUM.

According to the Vice-President for Property Management at Legum and Norman, the budget is not sufficient to cover the routine and non-routine needs of the property. He indicated that additional funds are needed for expanded contract services (landscaping, window washing, etc.) and for various non-routine expenses. He indicated that the funding for the property would need to be increased by around \$30-\$50 PUM to adequately maintain the property, although some of that would include non-routine items normally funded through a replacement reserve budget. Indeed, while the property maintains almost no backlog of routine work orders, while the ground are free of litter, and while the property is almost always fully occupied and close to 100% of the rents are collected each month, the property appears somewhat under-maintained.

Nearly one-third of the operating cost for Sibley Plaza is for contract security (\$100 PUM). This pays for two round-the-clock armed guards. It is clear that, given crime in the surrounding neighborhood, a secured entrance has been critical to maintaining a somewhat vandalism-free property. Still, both the number of guards and the need for armed personnel appears excessive and services could be strategically reduced.

**Adequacy of Model Estimate**

Presently, the property has expenditures of \$310 PUM, factoring in expenses incurred on behalf of the property by both the management company and the agency. It would appear that the additional funding suggested by the management company is justified; however, as mentioned, security expenses are extremely high and some savings could be achieved there. By possibly increasing total expenditures by \$20 PUM, bringing the total to \$330 PUM, the model-predicted amount \$352 PUM ('01) appears more than adequate to maintain well-run public housing., allowing for reasonable adjustment of security expenses.

**Table J.36: Sibley Plaza Operating Expenses – Fiscal Year Ending 3/31/01**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$26	\$76,051
Sundry	\$9	\$27,852
Central Waiting List*	\$7	\$20,664
Management Fee	\$23	\$68,111
Subtotal	\$65	\$192,678
<b>Tenant Services</b>		
Labor	\$0	\$1,000
Subtotal	\$0	\$1,000
<b>Maintenance</b>		
Salaries/Site	\$57	\$167,477
Materials	\$13	\$37,500
Contracts	\$29	\$86,263
Subtotal	\$99	\$292,240
<b>Protective Services</b>		
Contract*	\$100	\$293,800
Subtotal	\$100	\$293,800
<b>General</b>		
Insurance*	\$15	\$44,280
Employee Benefits	\$21	\$60,882
PILOT	\$0	\$0
Bad Debt	\$3	\$8,856
Subtotal	\$39	\$114,018
Total Routine Expenses	\$303	\$893,736
Non-routine Expenses	\$7	\$21,600
<b>Total Operating Expenses</b>	<b>\$310</b>	<b>\$915,336</b>

Note: Amounts marked with an asterisk indicate direct costs either incurred or paid directly by DCHA and not included in the property's financial statements.

## THE MEADOWS AND TRANQUIL TERRACE HOUSING AUTHORITY OF THE CITY OF WINTER PARK

### Property Overview

The Meadows (119 units) and Tranquil Terrace (52 units) are, respectively, a family and elderly development within several miles of each other which are managed by common staff and share a profit-and-loss statement. The properties are owned by the Housing Authority of the City of Winter Park (HAWP) and accounts for 100% of HAWP low rent housing program. The agency also owns a 130-unit tax credit property within the City.

The Meadows' 119 units are spread among 23 mixed sized buildings (approximately 5 units/building) on a well landscaped 11 acre site (11 units/acre). Tranquil Terrace's units are located in a single three-story L-shaped building located on an approximately 2 acre site (26 units/acre). Additionally, Tranquil Terrace has a detached senior center of approximately 3,000 square feet. The Meadows has a total 14 one bedroom units, 48 two bedroom units, 42 three bedroom units, 10 four bedroom units, and 5 five bedroom units. An additional unit serves as HAWP's and management company office. For Tranquil Terrace the mix is 18 one bedroom units and 34 efficiencies (Table J.37). Both properties are about 25 years old. The properties are both in excellent condition as the agency continues to add to its operating reserve each year and is able to make substantial upgrades to the property well beyond just maintaining the existing condition of the asset. For example, central air/heat was recently installed in all of the Meadows' 119 units, making the property much more attractive to a mix of incomes. Both properties have better "curb appeal" than the privately owned properties which surround them.

The surrounding area for the Meadows is primarily a mix of single and multi-family residential in a principally residential neighborhood. Surrounding Tranquil Terrace is combination of multi-family product and retail. The property is located across the street from the City's "new town center" development with a 24 screen movie theatre and a mix of retail, housing, restaurants, and office. Interviews with housing authority and management staff seem to indicate that crime is a limited issue for both properties, although a night time unarmed guard is located at The Meadows on a variable schedule.

In March of 1997, HAWP placed all of its public housing properties under private management. The current management company, Professional Management, Inc, has operated the property since taking over the properties in 1997.

**Table J.37: Property Characteristics**

#### The Meadows

<b>Location:</b> Suburban		<b>Occupancy:</b> Family				<b>Year built:</b> 1975		
<b>Units per acre:</b> 11		<b>Census Tract Poverty:</b>						
<b>Office Address:</b> 718 Margaret Square, Winter Park, Florida 32789								
<b>Building Type:</b> Garden		<b>Average Bedrooms per unit:</b> 2.53						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units		14	48	42	10	5		119
Average Square Feet		550	750	900	1120	1320		

#### Tranquil Terrace

<b>Location:</b> Suburban		<b>Occupancy:</b> Elderly/Disabled				<b>Year built:</b> 1975 (estimate)		
<b>Units per acre:</b> 26		<b>Census Tract Poverty:</b>						
<b>Office Address:</b> 718 Margaret Square, Winter Park, Florida 32789								
<b>Building Type:</b> 3 story elevator		<b>Average Bedrooms per unit:</b> 0.35						
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
Number of Units	34	18						52
Average Square Feet	400	525						



**Figures J.24, J.25: The Meadows & Tranquil Terrace**





### Management Responsibilities

The management company is responsible for all on-site management duties, with the exception of occupancy home visits and tenant grievance appeals. The Executive Director of the agency is the only employee of HAWP and shares office space with the management company at The Meadows. Therefore, if needed, the Executive Director is immediately available for consultation, although a significant amount of the Executive Director's time is now spent on expanding affordable housing options in the City and identifying and structuring partnering opportunities with social service providers who can serve the agency's resident.

The properties have a \$13,000 budget for security, which pays for roaming nighttime security on a staggered schedule. There is no expenditure for resident services although the properties have active social service providers working on-site. The costs of these services are borne by the agencies which provide them.

The management company is required to provide the agency with monthly financial statements and a year-end financial audit. The only agency cost the properties must bear is the cost of the Executive Director and related benefit costs and associated modest operating costs (i.e. additional telephone, minimal board costs, etc.).

### Staffing

Professional Managers employs a manager and assistant manager, and a part time clerical person. They also employ one Maintenance Supervisor, an Assistant Maintenance Supervisor, one Maintenance Mechanic, and a Janitor. With the exception of the part time clerical staff person, all work full time at the developments and use their own vehicles to travel from site to site. Benefits for staff primarily include health coverage for the employee, two weeks vacation, and five paid holidays.

**Table J.38: Staffing Summary**

<b>Name</b>	<b>Number of Positions</b>	<b>FTE Allocation</b>
<b>Administrative</b>		
Manager	1	1.00
Assistant Manager	1	1.00
Clerical	1	0.50
<b>Maintenance</b>		
Supervisor	1	1.00
Assistant Supervisor	1	1.00
Mechanic	1	1.00
Janitor	1	1.00
<b>Totals/Average</b>	<b>7</b>	<b>6.50</b>

### Operating Expenses, Exclusive of Utilities

The direct operating costs of the properties, exclusive of utilities were \$244 PUM in Fiscal Year 00-01, as shown in Table J.39. This figure includes the direct operating costs of the property plus an imputed \$20 PUM for property management tasks (additional oversight, regulatory reviews, grievances, etc.) that are absorbed/performed by the Executive Director.

According to the Executive Director and property manager, the budget is more than sufficient to cover the routine and non-routine needs of the properties. The properties had 37 units turnover (22%) during Fiscal Year 00-01, generally due to death in the elderly and a move to private rental housing or homeownership in

the family development. Despite the turnover, the properties were able to maintain a 97 to 98 percent occupancy for the vast majority of the year.

### Adequacy of Model Estimate

Based on expenditures of around \$244 PUM, the model-predicted amount \$298 PUM ('01) appears more than adequate for well-run public housing.

**Table J.39: Meadows/Tranquil Terrace Operating Expenses – Fiscal Year Ending 9/30/01**

Item	OPERATING BUDGET	
	PUM	Annual
<b>Administrative</b>		
Salaries	\$28	\$57,182
Sundry	\$26	\$52,783
Management Fee	\$15	\$30,000
Subtotal	\$69	\$139,965
<b>Tenant Services</b>		
Labor	\$0	\$0
Subtotal	\$0	\$0
<b>Maintenance</b>		
Salaries/Site	\$46	\$95,183
Materials	\$19	\$39,888
Contracts	\$41	\$83,285
Subtotal	\$106	\$218,356
<b>Protective Services</b>		
Contract	\$6	\$12,900
Subtotal	\$6	\$12,900
<b>General</b>		
Insurance	\$22	\$45,632
Employee Benefits	\$18	\$36,145
PILOT	\$0	\$0
Bad Debt	\$1	\$1,153
Subtotal	\$41	\$82,930
Total Routine Expenses	\$222	\$454,151
Non-routine Expenses	\$2	\$3,368
<b>Total Management Firm Expenses</b>	<b>\$224</b>	<b>\$457,519</b>
<b>Estimated HAWP Costs</b>		
Executive Director Cost	\$20	\$41,040
Total HAWP Expenses	\$20	\$41,040
<b>Total Operating Expenses</b>	<b>\$244</b>	<b>\$498,559</b>