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MEMORADUM FOR: Owners and Management Agents  
HUD-Insured and HUD-Assisted Properties  
Southeast Region

FROM: Mark R. Dominick, Regional Director, Multifamily Southeast Region

SUBJECT: Southeast Region 2022 Management Fee Range Survey

In accordance with the provisions of HUD Handbook 4381.5, REV-2, The Management Agent Handbook, management fee ranges are to be reviewed and established every two years. Management fee data was collected and reviewed for HUD Insured properties where the owner/agents have incentives to control management costs. Based on our review, the acceptable maximum fee yields for HUD-Insured and HUD-Assisted properties in the Southeast Region are as follows:

**Residential Fee Yields — Per Unit Per Month (PUPM)**

	0-59 Units Max Fee	60-124 Units Max Fee	125-200 Max Fee	201 and over Max Fee
Alabama	\$43.00	\$43.00	\$38.00	\$38.00
Florida	\$54.00	\$52.00	\$44.00	\$44.00
Georgia	\$48.00	\$43.00	\$43.00	\$43.00
Kentucky	\$45.00	\$43.00	\$39.00	\$43.00
Mississippi	\$44.00	\$44.00	\$44.00	\$44.00
North Carolina	\$52.00	\$50.00	\$46.00	\$46.00
Puerto Rico & Virgin Islands	\$55.00	\$55.00	\$55.00	\$55.00
South Carolina	\$51.00	\$51.00	\$50.00	\$45.00
Tennessee	\$47.00	\$45.00	\$41.00	\$39.00

**Miscellaneous Fee Percentage**

The miscellaneous fee percentage must not exceed the residential income fee percentage.

## Commercial Fee Yields

The commercial fee proposed for the project must not exceed the yields generated by project in the area with comparable types of projects.

## Special Fees

Special Fees maybe allowed for a limited time, in accordance with Handbook 4381.5, Rev-2, Chapter, 3 Paragraph 3.6b.

## Add-on Fee Yields:

An add-on fee reflects the amount to cover a higher level of management service for projects with specific characteristics or recognized long-term conditions. The acceptable add-on fee categories are acceptable:

- **Homeless Preference – (PUPM) Special Fee \$2.50  
Add-On Fee \$2.00**

Housing Memorandum dated October 26, 2016, from Priya Jayachandran, promotes the use of a homeless preference and allows approval of both a special and an add-on fee. Please see this Memorandum for details and implementation.

- Special fee will be permitted during a nine (9) month start-up period to enable O/A to create and implement the homeless preference process of \$2.50 PUPM not to exceed \$4,500.
- Add-on Fee of \$2.00 PUPM not to exceed \$3,600 per property per year can be received once a homeless applicant is admitted.

- **Better Business Challenge (BBC) Incentive – (PUPM) up to \$4.00**

The April 24, 2014 Memorandum from Benjamin Metcalf, Deputy Assistant Secretary for Multifamily Housing, allows the BBC participants who have committed to reduce their portfolio energy and water usage by 20% percent within 10 years to receive Add-on fees for the following activities, please see this Memorandum for details and implementation.

- Operations and Maintenance \$1 PUPM
- Tenant Engagement \$1 PUPM
- Data Collection \$1 PUPM
- Benchmarking \$1 PUPM

• **Subsidy Mix — \$3.00 PUPM**

Eligible projects are those that have more than one type of subsidy with at least twenty (20) percent of the units available to low-income families, including elderly which require more administrative oversight, monitoring, and processing requirements. The project must be financed under one of the following:

National Housing Act — Section 236, 221(d)(3), 221(d)(4), 223(f), 202, 231/8; or Tax-exempt Bond Financing Programs.

Additionally, projects that have been awarded Low-Income Housing Tax Credits (LIHTC) under Section 42 of the Internal Revenue Code are eligible.

• **Remote Location or Scattered Sites — \$3.00 PUPM**

Eligible projects are those located in remote areas, on scattered sites

• **Cooperative Ownership — \$5.00 PUPM**

Eligible projects are those which require management agents to have additional legal and organizational responsibilities and knowledge pertaining to projects owned by cooperatives.

• **High Density Projects — \$3.00 PUPM**

Eligible projects are those that have a high percentage of three (3) or more bedroom unit sizes, which increases the population density. Projects must meet the definition of high-density which is a site with an average of not less than 2.5 bedrooms per unit.

• **Adverse Neighborhood Conditions — \$5.00 PUPM**

A high incidence of crime and vandalism, or a large concentration of deteriorated or substandard housing in the surrounding area.

Documentation required to support a claim of adverse neighborhood conditions should include, but may not be limited to:

1. Identify the number of lease terminations and evictions for crimes during the preceding 12-month period, or evidence from the local government or law enforcement agency that the owner/agent has sought assistance in deterring crime problems and that they are committed to assist in taking steps to reduce or eliminate the crime problems on the property, or copy of police records evidencing the degree of crime at the property and surrounding area.
2. A copy of the current plan in place for dealing with the crime problem and description of the plan's effectiveness.
3. Evidence that tenants support the plan and are assisting in implementation of the plan.

4. Documentation from the management agent that supports any claims that criminal activity at the property is requiring a disproportionate amount of time.
- **Computer and Bookkeeping Fees** - Computer and Bookkeeping Fees are treated as a project expense. The expense, however, must not exceed the actual cost the project would incur if a bookkeeper were on site. See HUD Handbook 4381.5, Chapter 3 for more information.

For more information on acceptable residential management fees for subsidized properties, refer to Chapter 3 of HUD Handbook 4381.5 or contact the Southeast Multifamily Region staff. You may find the HUD servicer for an existing HUD Multifamily serviced site at: <https://www.hud.gov/states/shared/working/r4/multifamily>