

SUGGESTED FORMAT FOR ADMINISTRATIVE PLAN

The following is a suggested organizational structure for an Administrative Plan. Major areas are underlined and questions or statements specifying the points which should be addressed in detail are indicated under each major area. While this format need not be adhered to strictly, each major area of concern must be addressed.

A. Statement of Overall Approach and Objectives in Administering the Section 8 Existing Housing Program

The PHA should provide a brief description of the overall administrative organization and the lines of responsibility of staff, the general approach it intends to take, and the rationale (in terms of program objectives and local circumstances) for its approach. In particular, the description should indicate the extent to which families are expected to need or want to move, the housing likely to be available to them, the impact of the housing quality standards on availability of housing, and the assistance which will be provided to aid them in the housing search. These issues will be addressed more fully in the discussion of the specific program functions in the following section.

B. Plans for the Administration of Program Functions

The PHA should describe the procedures which will be used in carrying out each of the listed program functions. The administration of some functions will have been described to some extent in the program application and Equal Opportunity Housing Plan (EOHP). In such cases, the appropriate parts of the application and EOHP should be incorporated by reference into the Administrative Plan and augmented as necessary.

1. Outreach to Families and Contact with Owners

- a. What adjustments will be made in outreach procedures if the initial efforts do not produce an application group consistent with the agency's outreach goal?
- b. What adjustments will be made if the flow of applicants is too rapid or too slow in relation in the agency's leasing schedule and staff capacity to process applications?

- c. What contacts will be made to inform the real estate community generally about the program? What efforts will be directed at getting the specific cooperation of property managers, real estate firms, or owners who control a substantial number of units?
- d. What monitoring actions will be taken to assure that outreach to owners and property managers reaches those with units outside areas of low-income and minority concentration?

2. Completion of Applications, Determination of Eligibility and Selection of Families

- a. Describe plans for taking family applications and whether the PHA will suspend the taking of further applications if the waiting list is such that additional applicants would not be able to receive a Certificate of Family Participation in the next year.
- b. Describe the procedures to be followed in determining family eligibility.
- c. Describe the procedure for ineligible families to receive an informal hearing on the determination of ineligibility.
- d. Describe the preferences and the ranking procedures, if any, to be used within each unit size for the selection of families.
- e. Indicate how the PHA will monitor the selection process to insure that the 30% very low-income requirement is met, that the elderly/non-elderly and unit size distribution is followed, and that the number of current Certificates and HAP Contracts does not exceed the number of units authorized.

3. Verification of Income and Determination of Gross Family Contribution and Rent Credit

- a. Describe verification procedures which will be used, e.g., documents provided by family, direct contact with employers or other source of income, combination of these methods, or other methods.
- b. Describe the procedures for ensuring the accuracy of the Gross Family Contribution and Rent Credit calculations.

4. Briefing of Families and Issuance of Certificates

a. Describe intensity of effort, the written materials and audiovisual aids and the methodology (group sessions, individual briefings, combination) to be used in conveying the necessary program and housing information to families.

b. Indicate the additional assistance which will be provided during the housing search - to all families whose Certificates are about to expire, those who experience discrimination and other groups which experience particular difficulties.

c. Describe how determinations will be made to extend Certificates beyond 60 days.

5. Housing Quality Standards and Inspections

a. Will the PHA use the acceptability criteria in the program regulations and the HUD inspection booklet or has HUD approved their request to use an alternate set of quality requirements? In the latter case, has the agency developed its own checklist for inspections?

b. If the PHA plans to use Housing Quality Standards other than those in the regulations, has a careful analysis been made of the number of units in the locality at or below the Fair Market Rents which meet these requirements? Is the number of such units sufficient to support any additional increments of Section 8 Existing Housing that the PHA may plan for the future?

c. Describe the system which will be used to monitor the responsiveness and quality of initial inspections, and reinspections if deficiencies are found.

6. Lease Approval and Housing Assistance Payments Contract Execution

a. How will the reasonableness of the contract rent be determined and certified?

b. How will the program be explained to owners who have signed requests for lease approval or who have been approached by Certificate holders?

Page 36/78

7420.3 REV

APPENDIX 18

7. Payments to Owners

a. What monitoring procedures are planned to insure the

accuracy and timeliness of payments?

b. What internal controls will be established to assure the integrity of the payments system?

8. Information and Assistance for Participating Families

a. What on-going information and assistance will be available to families while they are program participants?

b. What referral procedures will be available for problems beyond the scope of agency operations?

9. Review of Family Circumstances, Rents, Utilities and Housing Quality

a. What procedures will insure systematic reviews of contract rents, allowances for utilities and other services, and housing quality?

b. How will requests and agency monitoring efforts trigger special reviews?

c. Describe in detail the procedures for reexamination of family income and circumstances. For example, how often will reexaminations be scheduled and for what reasons (including special reexaminations when the family's annual income cannot be projected with any reasonable degree of accuracy), and what will be the effective date of any Gross Family Contribution redeterminations.

10. Termination and Family Moves

a. What system will be used to keep families aware of their responsibility to give the owner and PHA advance notice of any move to a new unit?

b. How will owners' requests for eviction be reviewed and under what circumstances will families not be issued a new Certificate?

c. How will owners' claims for payment for loss of rent, for damages, or for vacancy loss be reviewed? How will the PHA determine whether or not the family gave proper notice when leaving?

d. When a HAP Contract is terminated and a family does not continue in the program, what procedures will be triggered

to gain a replacement family for the program?

11.Complaints and Appeals

a.What procedures will be used in response to complaints by families or owners?

b.What systems will be used to hear appeals by families and owners concerning agency determinations?

12.Monitoring Program Performance

a.What data will the PHA collect and analyze at regular intervals to determine whether the PHA's activities are proceeding in a manner that will assure achievement of the outreach goal and leasing schedule?

b.What contingency plans are available for altering program administration in the areas of anticipated problems?

C.Budgeting and Staffing Needs

1.The attached suggested format, Salary and Contract Costs, is to be submitted by the PHA as a part of the Administrative Plan. Other formats are acceptable provided that the staff assigned to the Section 8 Existing Program by program function and the administrative expenses for services provided under contract are clearly indicated. The PHA should also submit a narrative justification of all non-salary and administrative contract items to be reimbursed by the allowance for preliminary costs.

2.Instructions for Completing Suggested Format, Salary and Contract Costs by Function

Column a: Position, Title or Description

Page 56/78

7420.3 REV

APPENDIX 18

List all persons that will be on staff from beginning of program (pre-ACC) through the end of the first fiscal year of the program. Each position should be listed separately by title; i.e., if there is more than one community services representative, list separately. Include all clerical and supportive staff as well as professional staff. List administrative expenses to be incurred by contract under Sundry, including any person who will be employed under a contract such as an inspector on another agency staff.

Columns b, c, d: Full-time, Part-time and Source of Staff

Put a check mark next to staff who are full time in column b. For staff who are part-time, indicate in column c how much of the person's time will be spent on the Section 8 Existing Program. In column d indicate whether the person is P-currently on PHA staff, N-new to PHA staff or O-employed by another public agency.

Column e: Pre-ACC Amount Payable from Allowance for Preliminary Costs

Enter a dollar amount on each line in this column for salary costs prior to ACC (not including Employee Benefit Contributions). The total should be entered on the line, "Total Line 010", and should conform with the amount entered on Line 010, Form HUD-52671.

Under the subheading, Contracts, enter a dollar amount on each line in this column for contract expenses incurred prior to ACC; the total will be entered on the line "Total", and this amount should be included with any other Sundry costs on line 050, Form HUD-52671.

Column f: Outreach

For both staff and contracts, put a check mark in each of the columns which indicate which function each staff person and/or contractor will perform. These functions will be reimbursed with the allowance for preliminary costs.

Column l: Post-ACC Amount Payable from Allowance for Preliminary Costs

6/78

Page 6

7420.3 REV

APPENDIX 18

Enter on each line the dollar amount to be paid to each staff person for intake functions to be performed after ACC. The total post-ACC salary costs for intake will be entered on the line marked "Total Line 110" and entered on Line 110, Form HUD-52671. (Do not include related Employee Benefit Contributions, since this amount is noted on Line 230 of Form HUD-52671.) For contracts, enter on each line the total amount to be paid for post-ACC intake functions. The total post-ACC contract costs for intake functions will be entered on the line, "Total", and should be included with any other post-ACC administration Sundry costs on line 160 of Form HUD-52671.

Column m - r: On-Going Functions

For both salaries and contracts, check each of the on-going functions each staff person and/or contractor will perform. These will be reimbursed with the administrative fee.

Suggested Format for Administrative Plan for
the Moderate Rehabilitation Program

If the PHA is administering an Existing Housing Program, many of the functions of the Moderate Rehabilitation Program should have been addressed in the PHA's Administrative Plan for Existing Housing. The PHA should review its Existing Housing Administrative Plan in the following areas to assure that the issues are adequately addressed and appropriate for the Moderate Rehabilitation Program:

- 1.Verification of Income and Determination of Gross Family Contribution
- 2.Payments to Owners
- 3.Information and Assistance for Participating Families
- 4.Review of Family Circumstances (and Housing Quality)
- 5.Complaints and Appeals

If the PHA determines to use its Existing Housing procedures in the above identified areas, it should so indicate in the Moderate Rehabilitation Administrative Plan. If the PHA does not administer an Existing Housing Program or will have different policies, the above areas should be addressed separately in the Moderate Rehabilitation Administrative Plan utilizing the relevant questions contained in B-3, 7, 8, 9, 11 and 12 of Appendix 18.

It is noted that Outreach to Families, Completion of Applications, Determination of Eligibility and Selection of Families, and Briefing of Families may be similar to the Existing Housing Program when the PHA is assisting the owner in filling vacancies in the units under Contract in the Moderate Rehabilitation Program; however, the PHA must separately address these issues for the Moderate Rehabilitation Program with respect to tenants in residence prior to rehabilitation.

The Moderate Rehabilitation Program requires a different approach from the Existing Housing Program and requires the performance of many new functions. The Administrative Plan for Moderate Rehabilitation must, therefore, address the major areas specified below, regardless of whether the PHA is administering an Existing Housing Program. Questions or statements specifying the points which should be considered are indicated under each major area. All questions in Sections I and III must be addressed. In Section II, those questions which must be addressed are indicated by an asterisk (*).

Administrative Plan for the Moderate Rehabilitation Program

I. Statement of Overall Approach and Objectives in Administering the Moderate Rehabilitation Program

The PHA should provide a description of its general approach to the Moderate Rehabilitation Program, the rationale for this approach, program objectives and goals, and staff responsibilities. This section should be a further articulation of the Purpose of the Program specified in the PHA's application. Also included should be an indication of owner interest in applying for the Moderate Rehabilitation Program and, based on demand and the housing stock in the neighborhood or PHA jurisdiction, the anticipated number of units which will be made accessible to the handicapped as part of the rehabilitation performed under the Program.

A. Objective

If the PHA proposes to target its Moderate Rehabilitation units either to prevent displacement of lower-income families or to preserve and revitalize neighborhoods, what does the PHA expect to achieve through using a targeting strategy? If the PHA is targeting to revitalize a neighborhood, how will the PHA coordinate its Moderate Rehabilitation Program with the activities of the local government in the target area? What mechanisms will ensure that commitments made by the local government for the target area will be met?

If the PHA proposes to use the Program for deconcentration, how will the PHA assure that proposals for units in non-minority and non-low income areas are submitted to the PHA and approved? What percentage of the units does the PHA expect to approve in non-impacted areas? In which areas/ neighborhoods will the PHA attempt to rehabilitate units?

How will the PHA use local government resources, such as code inspectors or rehabilitation loan programs, to supplement and complement work done under the Moderate Rehabilitation Program?

B. Subcontractors

If a subcontractor, such as a Community Development Agency (CDA), is hired by the PHA to perform any PHA administrative function, the PHA must provide information regarding the proposed staff, responsibilities, and procedures of the subcontractor. The PHA's plan for monitoring and coordinating with the subcontractor should be detailed.

II. Plans for the Administration of Program Functions

A. Owner Participation

-Will any outreach activities in addition to those described under Objective II of the EOHP be performed to advise owners of the advantages of the Moderate Rehabilitation Program in the pre-proposal stage or to solicit proposals from property owners? Will organizations serving the handicapped be utilized to assist in soliciting participation of owners who need or would like to make units accessible to the handicapped?

-Will there be a deadline date for submittal of proposals or will owners be allowed to submit proposals at any time? If there is no deadline date, how will the PHA batch and rank proposals to make its selections?

-What adjustments will be made in outreach procedures if initial efforts do not produce proposals consistent with the PHA's outreach goal?

* - What additional information, other than that required in the Regulations, will the owner be required to submit? How will the proposal form or format be designed in order to encourage the participation of owners with little or no experience with government programs? Attach a copy of the proposal form or format if one has been developed. (If not attached, the format should be submitted to the Field Office when developed.)

-What type of management plan will be required of the owner? What type of assistance will the PHA provide the owner in developing an appropriate management plan (e.g., format, discussions)?

* - What criteria will be used to initially screen proposals prior to inspections?

- What criteria will be used to determine whether permanent displacement of tenants either eligible or ineligible for assistance will be necessary (i.e., what occupancy

* guidelines will be used to determine overcrowded or underoccupied units)? How will the PHA ensure that proposals where displacement will be necessary are rejected if the PHA does not have an approved relocation strategy?

B.The Rehabilitation Process

The Regulations require PHAs to perform initial inspections, prepare preliminary and final feasibility analyses, discuss financing options and the selection of contractors with the owner and assist the owner in the preparation of a lease form. The preparation of work write-ups and cost estimates are the responsibility of the owner; however, the PHA may assist the owner with these functions and must, at a minimum, review all work write-ups and cost estimates for reasonableness and to assure that rents are based upon items which must be accomplished to bring units up to program standards or to correct incipient code or HQS violations.

The following questions track the rehabilitation process from initial inspection through unit selection and rehabilitation of the units to HAP Contract execution. If the PHA is subcontracting the rehabilitation-related or relocation functions to another agency, coordination between the agencies, particularly where displacement or temporary relocation is involved, is very important and should be addressed in this section.

1.Initial Inspection

-How will the initial inspection be coordinated with the owner and tenant? What input will the owner and tenants be allowed to give in determining what may need repair or replacement?

-Will the PHA subcontract with or request assistance from organizations serving the handicapped or organizations comprised of handicapped individuals in advising owners on work necessary to make units accessible to the handicapped?

- What coordination, if any, will there be between the local code inspector and the PHA's (or subcontractor's) inspectors? Describe the system which will be used to schedule and monitor the quality of initial inspections.

- What inspection form will be utilized?

2.Preliminary Feasibility Analysis

-How will disputes with the owner be handled if there are differences of opinion regarding the overall feasibility of the proposal or the PHA's determination of necessary work items?

- How will the feasibility analysis be conducted, what role will the PHA or subcontractor take in the feasibility analysis, and how will this relate to owner input?

-Will the PHA use standard loan terms and interest rates in establishing a rent for feasibility analysis if the owner's financing is uncertain? How will the PHA obtain these numbers?

- If the base rent is to be based on expenses rather than previous rents, how will the PHA establish appropriate costs? What analysis or verification will be made of costs supplied by the owner?

3.Selection of Proposals

- What ranking procedures will the PHA follow in the selection of proposals to achieve the PHA's objectives for the Program? What rank order will any preferences have and how will these preferences be coordinated with the mandatory first preference for the greatest dollar amount of rehabilitation per unit? How will the PHA make its selection procedures known to owners?

-Does the PHA have a goal for units to be made accessible to the handicapped? If so, how does the PHA plan to encourage owners to make units accessible and how will the PHA monitor to assure that this goal is achieved?

- How will the PHA monitor the selection process to insure that the elderly, family, large family and unit size distribution in the ACC is followed as closely as possible?

-How will the PHA take into consideration environmental and historic preservation requirements in selection of proposals? How will the PHA assure that proper

procedures are followed for historically significant properties and for units in historic districts?

- Five percent of the units that would otherwise be decent, safe and sanitary may be rehabilitated for accessibility to the handicapped. How will the PHA monitor to assure that this five percent is not exceeded?

* -How will owners whose proposals are rejected be advised of the PHA's determination and informed of possible alternative programs? What alternatives will be presented to selected owners who choose not to participate in the program for whatever reasons once selected?

4. Selection of Units

-How will the PHA take applications from tenants occupying buildings to be rehabilitated? Will PHA personnel interview at the building or will tenants be required to go to the PHA's application office? Will the PHA do special outreach to tenants reluctant to apply? If so, how?

-How will the PHA assure that the owner is promptly notified of any adjustment in the number of units to be assisted?

-What notification procedures will be established to advise ineligible tenants of their ineligibility and their right to request an informal hearing?

- * - How and when will eligible tenants be informed of their eligibility and their rights and responsibilities under the program?

-How will the PHA ensure that all notices to tenants are written clearly and that tenants understand the notices?

5. Permanent Displacement

It should be noted that the PHA is prohibited from selecting buildings for this Program which require permanent displacement of tenants except where the PHA has a HUD-approved relocation strategy. Additionally, the Regulations require that no tenant may be displaced unless

there will not be sufficient suitable-sized units available in the building after rehabilitation. If the PHA has an approved strategy, the following questions should be addressed.

-How will the displacement strategy be administered (e.g., agency(ies) involved, staff, etc.)?

-What criteria will be used to determine which tenants will be displaced? what role will the Owner and tenants have in this determination?

-How and when will tenants be informed as to whether they will be displaced or allowed to remain in residence? Will tenants be given notices at briefing sessions describing their rights or will notices be mailed or delivered? What opportunity will tenants have for asking questions?

-How will the PHA assure that displacement is minimized and that no tenant is required to move until the tenant has located a suitable, available alternative unit?

6. Work write-ups and cost estimates

* - How will the work write-ups and cost estimates be prepared? What will be the input of the owner and PHA or subcontractor?

* - If the owner prepares the work write-up and cost estimate for the property, how will the PHA review them?

1/If permanent displacement is allowed, all questions must be addressed. If permanent displacement is not allowed, this section may be omitted.

Page 77/79

7420.3 REV-2 CHG-1

APPENDIX 18-2

-Will the PHA require a certain grade of materials in specifications? Will deviations from those materials be allowed and, if so, under what circumstances and how will deviations be reviewed?

-What procedures will be followed where the owner wants to specify more extensive work than required to meet program standards?

7. Selection of Contractors

* - Will the PHA require competitive bidding of rehabilitation contracts? If not, how will it ensure that costs are reasonable?

-What involvement will the PHA have in the selection of contractors?

-How will the PHA encourage contractor participation in the Program?

* - How will the PHA develop a list of competent rehabilitation contractors and subcontractors which includes minorities and small businesses?

-Will the PHA pre-approve contractors' financial soundness and work quality prior to referring a contractor to an owner?

* - How will the PHA assure that contractors on the list are given an opportunity to submit bids or proposals? How will the PHA promote opportunities for minority contractors to participate in the Program?

-Will the PHA conduct pre-construction conferences with the owner and contractor to explain the work to be accomplished?

-Will the PHA be involved in the rehabilitation contract (e.g. will it have standard forms)?

* - Will an owner be allowed to be his/her own contractor and, if so, what criteria will be used to determine the owner's capability to perform this function?

8.Final Feasibility Analysis

* - What procedures will be followed to ensure that all factors are incorporated into the final feasibility analysis including the addition of energy conserving improvements where appropriate?

-What size cost contingency will be used in the feasibility analysis and under what circumstances will a smaller or larger contingency be allowed?

9.Financing

-At what point in the rehabilitation process will owners

be counseled on financing options?

* - What procedures will be followed in assisting owners to learn about available financing options?

-What assistance will be given to owners in the preparation of loan applications?

* - How will the PHA develop relationships with possible financing resources?

-How will the PHA coordinate with the local or State government regarding rehabilitation loan programs?

10. Temporary Relocation

- How will temporary relocation be minimized? Under what circumstances will temporary relocation be allowed and

* how will the PHA ensure that the relocation is for the shortest possible period of time?

-What role will the PHA, owner and tenant(s) have in determining whether temporary relocation will be necessary?

* - How and when will the tenant be informed that a temporary relocation will be necessary and be advised of the procedures involved with the relocation?

-How will the tenant(s) be assisted in finding suitable housing during the temporary relocation period?

-Who will determine reasonable moving costs and increases in monthly housing costs?

Page 97/79

7420.3 REV-2 CHG-1

APPENDIX 18-2

11. Execution of Agreement and Rehabilitation Period

-Who will be responsible for preparation and execution of the Agreement and determination of the deadline date for completion of the rehabilitation?

-What procedures will be followed which will ensure that rehabilitation starts on schedule and continues accordingly and that work is being accomplished in accordance with the work write-up?

- How will the PHA monitor to assure that prevailing wage rates (under the Davis-Bacon Act) are paid during

* rehabilitation if there are 9 or more assisted units under the Agreement, and other federal requirements are being met, where applicable?

* - What is the PHA's proposed schedule of inspections during rehabilitation? Will inspections be performed at specific time intervals?

* - How will PHA inspections be coordinated with appropriate local code inspections?

- Where a subcontractor is hired by the PHA to perform rehabilitation technical assistance functions, what system of coordination will be established so that the

* PHA is fully familiar with the progress of the rehabilitation work on all Moderate Rehabilitation units?

-How will change orders be processed and when and how will contingency funds be used?

-What procedure will be followed when unanticipated work is needed which will necessitate an increase in rents which will require HUD approval?

-How will the PHA assure that only one temporary relocation is required and that the relocation does not exceed 6 months? How will the PHA assure that a tenant whose relocation exceeds 6 months is offered the option of receiving assistance and alternative housing as if permanently displaced?

7/79

Page 10

7420.3 REV-2 CHG-1

APPENDIX 18-2

* - How will the PHA monitor temporary relocation to assure that proper and timely payments are made by the owner and proper assistance to the tenant(s) is provided?

12.Completion of Rehabilitation

- What procedures will be established which will ensure that the review of the evidence of completion and the final inspection are accomplished within 10 days of

* receipt of the evidence of completion; that all aspects of the rehabilitation are examined; and that all deficiencies specified in the work write-up are corrected?

-How will the PHA notify the owner that the units are acceptable, need additional work, or are not

acceptable? What appeal rights will the owner have if the units are conditionally accepted or rejected?

-What coordination will be established between the PHA's final inspection of the rehabilitation and any necessary code inspection by the local government?

-How will the escrow for punchlist items be established and maintained? How will the PHA assure that these items are completed satisfactorily and within the appropriate time period?

-Will the PHA have any involvement in disputes between the contractor and owner concerning completeness of or satisfaction with the rehabilitation work?

* - What procedures will be followed to review actual rehabilitation costs incurred by the owner, including temporary relocation if necessary, and the interest rates on rehabilitation loans of less than \$15,000?

-How will the PHA assure that cost certifications are submitted in a timely manner?

-Who will be responsible for the execution of HAP Contracts and ensuring that they are properly completed and the effective date is appropriate?

-How will the PHA determine whether vacancy payments are justified?

Page 117/79

7420.3 REV-2 CHG-1

APPENDIX 18-2

C.Management Period

1.Family Participation

-What procedures will be established to advise eligible families on the PHA's waiting list of the Moderate Rehabilitation Program, their rights and responsibilities under the Program, and their alternatives should they decide not to participate in the Program?

* - How and when will the PHA refer eligible families to owners with vacant units? Will Section 8 Existing Housing Program Certificate Holders be notified of the availability of units or will the owner be sent applications from the waiting list? If applications are sent, how many applications will the owner be sent

from which to choose a tenant?

-What procedures will be implemented to ensure that families with physically handicapped members are advised as to the availability of accessible dwelling units, and to ensure a match between the needs of these families and available accessible dwelling units?

-How will the PHA monitor the selection process to ensure that the 30 percent Very Low-Income requirement is met?

-How will the PHA assist those families wishing to move from units under the Moderate Rehabilitation Program?

* - How will the PHA assist those families forced to move through no fault of their own (both when the HAP Contract is cancelled and when it is not)?

2.Adjustments of Utility Allowances and Rents

- What monitoring system will be established to ensure that utility allowances are reviewed annually? What documentation will be used in this review (e.g., sampling of actual tenant utility billings, etc.)?

* -Will separate utility allowances be established for buildings of more than 20 units one year after HAP Contract execution?

7/79

Page 12

7420.3 REV-2 CHG-1

APPENDIX 18-2

- How and when will the PHA implement any adjustments to utility allowances? Will the PHA make the necessary adjustments immediately upon approval of a new schedule for all families at the same time or individually at the next income reexamination or lease renewal?

* - How will the PHA assure that rent increases are approved only once a year (unless a special adjustment is approved by HUD) and that any increase does not

result

exceed the maximum amount allowable and does not in rents which are materially different from rents charged for comparable unassisted units?

3.Monitoring

- How will the PHA monitor terminations to ensure that

* the owner is complying with program requirements?

- In addition to annual inspections, how will the PHA monitor management and maintenance of the units to ensure that the owner is complying with the provisions of the contract and the owner's management plan? Will the owner be required to establish a reserve for

* replacement in a separate account and how will the PHA monitor to assure that the owner maintains an adequate reserve to cover extraordinary maintenance expenses?

- How will violations of HAP Contracts be corrected?

* - What data will the PHA collect and analyze at regular intervals to determine whether the PHA's activities are proceeding in a manner that will assure achievement of goals and the rehabilitation and leasing schedules?

III. Budgeting and Staffing

The PHA should use the format and instructions contained in Part III of the suggested format for an Existing Housing Administrative Plan (Appendix 18) to provide information on employees and costs associated with the Moderate Rehabilitation Program. If the PHA is subcontracting any of its functions, the information required must be provided for the subcontractor's as well as the PHA's employees and other expenses.

SALARY AND CONTRACT COSTS BY FUNCTION

* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *
* *

GRAPHICS MATERIAL IN ORIGINAL DOCUMENT OMITTED *

* *
* *
* *

* *
* *
* *
* *
* *
* *
* *
* *
* *

7420.3 REV-2 CHG-4

APPENDIX 18-2

IV. Management and Maintenance Fee Schedule

*

In order to provide an adequate yet reasonable amount for management and maintenance costs when calculating Base Rents under the cost approach, the PHA will establish a standard fee for these expenses. Such a fee or fees (there may be separate fees for management and maintenance or one combined fee) must be established by the PHA in its Administrative Plan and approved by the Field Office. The review of the management and maintenance fee schedule should be coordinated by the HMO with input from Loan Management and Valuation Staff, as appropriate.

Management costs generally include administrative expenses, such as bookkeeping, management staff salaries, rent collections, and tenant selection functions. Routine maintenance generally include costs of repairs, supplies, decorating, exterminating, grounds and common area expenses, and janitorial services. Fees should be established by structure type (e.g., elevator, walk-up, detached, row) and the size of the project under HAP Contract (e.g., single family (1-4 units) vs. multi-family (5-20 units, 21-50 units, 51-100 units, 101-200 units, etc.)). To determine reasonable expense figures, the PHA should obtain information concerning average management and routine maintenance expenses for single family and multi-family properties from local property management and real estate firms. HUD Field Office data should also be used to the extent possible with appropriate analysis of the management responsibilities associated with different HUD programs.

In addition to project size, a variable which should be considered when establishing these fees is whether prevailing expenses vary depending on elderly or family occupancy. In determining the fees, care should be taken in analyzing what expenses are covered by a professional management agent's fee (routine maintenance expenses, resident manager's salary, etc.) and whether the project size warrants an on-site resident manager or professional management agent. In addition, it is noted that owners of Moderate Rehabilitation units

should not have any advertising expenses since the PHA refers all applicants for vacant units and, unlike some HUD subsidy programs, the PHA (not the owner) determines family eligibility and the Gross Family Contribution and verifies and reexamines family income.

*