Interview with Dr. Taras Herbowy and Shelley Penge of the Municipal Housing Authority of the City of Utica, New York

The Utica Housing Authority was established in 1937 at the depth of the Great Depression, to address the City’s substandard housing conditions. At that time, Utica was a hub of central New York State with a population of over 100,000. The intervening decades experienced a population decline by almost half while the suburbs grew. More recently, this trend has been stanched with the arrival of families from Bosnia, Somalia, Cambodia, Thailand and other countries. Spotlight talked with Dr. Herbowy and Shelly Penge, Director of Finance about the transition of their housing authority and their implementation of asset-based management.

Help us understand the shape and scope of the housing authority.

Taras—I arrived here as an Executive Director in April 2006. We’re a medium-sized housing authority responsible for 999 units of public and assisted housing consisting of six AMPs, HOPE VI properties, two properties financed through the State, and 175 vouchers. Using our HOPE VI, Replacement Housing Factor and other HUD funding, we have built and sold 51 homes to first time homeowners adding over $6 million to Utica’s eroded tax base as well as renovated 49 owner occupied units as part of our HOPE VI Revitalization Plan. Although we were awarded the HOPE VI grant in 2003, just three years ago in 2007, virtually none of what I described had yet been accomplished. In fact, only three homes were built, none were sold, apartments were vacant and public housing had an occupancy rate hovering around 79%. We were in trouble. Utica’s rich culture, diverse demography and political history typifies most urban areas with a long-standing tradition of unionized labor. Both the union and civil service structures were, and still are, an important part of the fabric of our organization. The implications for implementing asset management, working with seasoned employees and their unions as well as civil service and government leaders, could not have occurred at a more propitious time.

What’s your background, and how has it prepared you for the challenges of leading the housing authority?

Taras—I have a background in administrative leadership founded in research and data based decision-making. This has provided good groundwork for the deci-
Tell us about the environment in which you undertook your transition to Asset Management.

Taras—As background, we had a tenured staff. Virtually most of these employees had been in place for decades, and survived a series of City governments and executive directors. When I arrived, we were classified by HUD as a “standard performer” with significant issues that needed to be addressed. For one, our 2003 HOPE VI award was languishing, and that inactivity prompted an audit by the HUD Inspector General’s Office. We also just had an HUD Inspector General’s audit on our public housing. Both audits revealed some important housekeeping issues, and we spent a lot of time and energy implementing corrective action by working with seasoned employees, their unions, civil service and government agencies without compromising the cultural value of our organization. Interestingly, these issues—which had to be dealt with—served as the framework for change. And in a way, the transition to Asset Management tailgated on that change. Since then, HUD has designated us as a “high performer” and successfully accomplishing the asset-based management as a work in progress model.

What do you mean?

Taras—We couldn’t very well return the HOPE VI money, and we couldn’t fail to respond to the IG, so we had work to do, and change was in the mix. So the transition to asset management—which itself was required anyway—was part of a larger investment we were obligated to make. However, with unions, civil service and a long stand cultural presence in our organization, we couldn’t simply reorganize by imposing asset based management without consternation and without considering the legal implications related to labor laws. In other words, we didn’t really have a choice but to change by embracing these long standing cultural and legal considerations, and that made it easier.

And the challenges you faced?

Taras—Asset Management has a tendency to divest an organization of various influences. As employees are empowered, as authority is decentralized, and as everyone becomes more accountable for their failures and successes, there’s less room for day-to-day management by the board of commissioners. So, not
only did our employees have to learn a new dynamic, so too did our board of commissioners. My challenge was to work with the board to seek their input and counsel on important policy matters, while encouraging them to give us the necessary breathing room on organizational management and administration. In the end, they share the credit they deserve; and, as much credit for learning a new set of rules and expectations as the staff.

So, was the transition smooth, then?

Taras—Hardly. When we were initially assessed, there were pages of findings. At first, we actually rejected many of them. Then, we were really fortunate to get help from Eric Richelson, who was bright, knew Asset Management and PHA operations really well, and helped us make the connections we needed to make. He provided us with data on the benefits of asset management, and was respectful of what our staff could contribute to the process. It seems everyone gets a little help along the way, and he was ours.

And the HOPE VI project?

Shelley—As Taras mentioned earlier, we’ve built and sold 51 houses, and developed another 82 multifamily rental units. Our overall occupancy rate consistently remains above 97%. We’ve come a long way, and we have a long way to go still. Right now we have HUD and state approved projects for the development of more rental and home ownership housing totaling $3 million adding significantly to the Utica tax base. We’re also completing work on our ARRA energy performance work amounting to $13.5 million.

So what does Asset Management look like in Utica?

Shelley—We constantly reevaluate our asset management reorganization. Because we traditionally had been a union shop, and because of our long-standing civil service structure, we arrived at a hybrid approach. This preserved the rights and interests of our employees while allowing us to move away from the moribund centralized operations that had been in place for so long.

For example, we had decentralized so much of our maintenance operation and the old central shop was vacant. We found we could lease that space to our local community college-Mohawk Valley Community College (MVCC), and we capture revenue from it now. With additional development and resident initiatives we will have more to consider.

What about staff; did everyone go to one of the AMPs, or do you have some fee-for-service structures?

Shelley—We have staff that has a lot invested in training, so we wanted to be respectful of that resource. For instance, we have one employee who is highly trained at inspection protocols, from HQS to building systems. We use half his time on a fee-for-service basis to inspect units. But he’s also a skilled mechanic, and it didn’t make sense to have him standing in front of a broken item he could easily fix and not fix it. So when he does an inspection, the AMP is charged a fixed price for the inspection; but if he fixes something during the visit, he switches over to hourly work, fixes the item, and clears it from the inspection.

And where do you go from here?

Shelley—Well, Asset Management is a process, not an event. We have come to see it as a way of doing things, not something that has to be done. I guess that’s a fancy way of saying that where we go from here is forward, and we keep questioning things, and keep looking for
ways to improve the quality of our housing in the most economical way. Also, we have prioritized serving our residents holistically so they too are empowered toward self-sufficiency. Again, an example is the use of the former central maintenance facility now housing the local community college trades and technical center that serves as a focal point for resident job training opportunities.

Would you share some parting thoughts?

Taras—I've been a CEO for 25 years, and I've learned that in organizations no one succeeds alone, and no one fails alone. We're all bound together and we have to rely on each other, listen to each other, and support each other. Either we all get there together, or none of us do. I like to think that I didn't impose any change on the organization; instead, I worked to facilitate the change. The change itself came from within—from everyone.

Shelley—I agree, but I'll be a little less philosophical and say that Asset Management has given us a much better understanding of our properties and their strengths and weaknesses. It's more work, of course, but it also has given us better outcomes, and a sense of accomplishment that we wouldn't trade for anything.

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Nominations for Spotlight

Have a great story to tell about your PHA’s transition to asset management? Or perhaps you know about another PHA that overcame obstacles and used creative solutions to make the transition? The Asset Management E-Newsletter editor is accepting nominations for the spotlight feature article for upcoming issues. Please send your nominations to Newsletter Editor with a few brief sentences outlining the story. We will be happy to explore the story in detail and share it with the newsletter readers.

Upcoming Dates on the Asset Management Calendar

October 15, 2010, Deadline for Year 5 Stop-Loss Submissions (instructions pending).

What’s New on the Web site?

• Calendar Year 2010 Subsidy Processing

Resources and Useful Links

General Information About Asset Management
For more information, please visit the HUD-PIH Asset Management Website. Click on the following hyperlinks for detailed information surrounding the key building blocks of asset management:

• Project-Based Funding
• Project-Based Budgeting
• Project-Based Accounting
• Project-Based Management
• Project-Based Oversight

Within each building block you may find specific topics of interest, including: AMP Groupings, and Stop-Loss.

Specific Links In This Issue

Links for specific materials referenced in this issue are shown in blue bold typeface, and are placed throughout this issue for ease of reference. When this newsletter is viewed as an electronic file, you may click on these links to be taken to the referenced materials.
Asset Management Help Desk—Questions and Answers

There are no Help Desk Questions and Answers this month. The Asset Management Help Desk can be reached at 1-800-955-2232 or by email at assetmanagement@deval.us Please use this phone number and email address to send inquiries regarding asset management.

Contact the Editor

Do you have an article idea, question, or comment for the editor? The Office of Public and Indian Housing is the editor of this monthly e-Newsletter. Please send all inquiries to assetmanagementnewsletter@deval.us, with the subject line “Question/Comment for the Editor.”